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# ***Daily Report***

## **China**

FBIS-CHI-91-001  
Wednesday  
2 January 1991

# Daily Report

## China

FBIS-CHI-91-001

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2 January 1991

**NOTICE TO READERS:** As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

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**General**

**Foreign Minister Qian Views 1990 Foreign Policy**

*OW0101115591 Beijing Domestic Service in Mandarin  
0530 GMT 1 Jan 91*

[Interview with Foreign Minister Qian Qichen by reporters (Qin Jihong) and (Yin Dongsheng); place and date not given; only one of the two reporters, who is not identified, is heard asking questions—recorded; from the "International News and Current Affairs" program]

[Text] Dear listeners, China scored great success in foreign affairs in 1990. With the arrival of a new year, our reporters (Qin Jihong) and (Yin Dongsheng) interviewed Foreign Minister Qian Qichen.

[Reporter]: Happy New Year to you, Foreign Minister Qian!

[Qian]: Happy New Year!

[Reporter]: Foreign Minister Qian, early last year, international observers generally expressed the belief that the international situation was developing toward detente, since dialogue had replaced confrontation. However, tremendous changes took place in the international situation last year. Please explain why those changes took place.

[Qian]: The international situation indeed has gone through very complicated and radical changes in the past year. These changes occurred because the old global structure already had been dismantled while a new one has not yet taken shape. It is now in the transitional period. The relaxation of relations between the United States and the Soviet Union did not bring peace and tranquillity to the world, as some people had predicted. On the contrary, new contradictions have cropped up while the old ones have not been entirely eliminated. The disintegration and realignment of all kinds of forces are now taking place; the gap between the South and North has widened continuously; many political, economic, and ethnic contradictions have become more and more conspicuous; many countries are experiencing political instability; and a very tense situation has emerged in some regions. The international situation during the transitional period is characterized by rapid changes and the possibility of surprise events that can take place at any time. The Gulf crisis is an example. Looking at the world, we see chaos everywhere. It is hard to predict how the situation will develop.

[Reporter]: Foreign Minister Qian, please tell us what breakthroughs China has made in foreign relations over the past year.

[Qian]: In the past year, China successively established diplomatic relations with Namibia, the Kingdom of Saudi Arabia, Singapore, and the Republic of the Marshall Islands, and restored diplomatic relations with Indonesia. The number of countries having diplomatic

relations with China has risen to 137. In the course of defending world peace, we particularly pay attention to improving and developing good-neighborly and friendly relations with peripheral countries [zhou bian guo jia]. I may say that the relations between our country and peripheral countries at present are the best since the founding of the People's Republic of China. The Third World is the backbone force defending world peace, as well as our most reliable friend.

After the 4 June event, the first foreign minister of another country to visit our country came from Africa, and the first foreign head of state to visit our country was also from Africa. In the past year, 26 heads of state and government leaders of Third World countries visited our country. Leaders of our country also separately visited many Asian, African and Latin American countries. The success of Beijing in hosting the 11th Asian Games showed the unity, friendship and progress among the peoples of various Asian nations, exerting a very good impact on the entire world. After the 4 June event, some Western countries imposed economic sanctions and political pressure on our country. While our country's political, social and economic situation is becoming more and more stable and our country is playing an increasingly greater role in the international arena, they have begun to realize that it is not only impossible, but also detrimental to themselves, to isolate China.

Since the EC foreign ministers' meeting made the decision on restoring relations with China, many Western nations have begun to relax their relations with China and gradually restore high-level contacts with China. Some Western countries have resumed export credit and government loans to China. Economic cooperation and scientific and technological exchanges are also being expanded gradually. My recent official visit to the United States at the invitation of U.S. Secretary of State Baker shows that Sino-U.S. relations have improved gradually. In the past year, China has resolutely pursued an independent foreign policy for peace and upheld international justice. As one of the five permanent members of the U.N. Security Council, China has made unremitting efforts for a peaceful settlement of the Gulf crisis and a political settlement of the Cambodian issue, and our efforts are widely praised by the international community. These facts show that the important role being played by China in international affairs is not to be ignored.

[Reporter] Foreign Minister Qian, people have noticed that the number of foreign trips you made last year was the largest since you assumed the post of foreign minister. Could you please tell us which countries you visited and what has been achieved?

[Qian] Last year I accompanied Premier Li on three foreign tours. I myself also made six foreign tours, including trips to the UN General Assembly and the UN Security Council's ministerial meeting.

China, a permanent member of the UN Security Council, is a developing socialist country. It is neither a superpower nor a developed country. It is different from other permanent members of the UN Security Council. Therefore, many countries hope that China will play a greater role in settling regional conflicts. In addition, since the 4 June incident, Western countries imposed economic sanctions on us, halting high-level contact with China. There was a need for China to take the initiative on the international stage by engaging in extensive contacts and exchanges of visits to help break the sanctions. I believe every visit had some effect on promoting our country's foreign relations. For example, during my visit to the Kingdom of Saudi Arabia in mid-July of last year, I signed a communique on the establishment of diplomatic relations between the two countries. In early August, when I accompanied Premier Li on his visit to Indonesia, China and Indonesia signed a memorandum of understanding on restoring diplomatic relations. The two countries formally reestablished diplomatic ties on 8 August. At the United Nations on 3 October, Chinese and Singaporean foreign ministers signed a communique on the establishment of diplomatic ties. All these trips produced concrete results.

To explore the possibility of a peaceful solution to the Gulf crisis with the parties in the Gulf region, I spent about a week in early November visiting Egypt, Saudi Arabia, Jordan, and Iraq. I also had talks with Kuwaiti leaders, with Palestinian leader Chairman 'Arafat, and with U.S. Secretary of State Baker during the trip. While in Iraq, I explained to its leaders China's solemn and just stand and relayed to them the demand of the international community that they withdraw from Kuwait as soon as possible. I was the first, and as of now, the only foreign minister of the five permanent members of the UN Security Council to have visited Baghdad. It is fair to say that China has done its best to promote a peaceful solution to the Gulf crisis.

At the end of November, I paid an official visit to the United States at the invitation of U.S. Secretary of State Baker. This was the first visit to the United States by a high-ranking Chinese official since the summer of 1989. It was a major step toward improving relations between the two countries. My visit was quite short, lasting only one and a half days. I met with President Bush and had talks that were friendly and frank and on a broad range of issues [jin xing le you hao tan shuan he guang fan de hui tan]. I also met with many U.S. senators and congressmen, and they all welcomed the Chinese foreign minister's visit.

During the past year, I visited a total of more than 20 countries. They were primarily developing countries in Asia, Africa, and Latin America. During a 10-day period when I was attending the UN General Assembly, I met with more than 60 foreign ministers, including the foreign ministers of almost all major Western countries and many important developing countries. Such extensive contact was very beneficial to increasing mutual understanding and expanding our country's influence.

[Reporter] Foreign Minister Qian, what major foreign activities will you undertake this year?

[Qian] Well, I am scheduled to visit four East African countries beginning 5 January, and I also plan to visit Europe, both Eastern and Western Europe, in late February and early March.

[Reporter] I wish you success in your visits. Thank you.

[Qian] Thank you. Finally, on behalf of the Foreign Ministry, I would like to thank our people throughout the country, Overseas Chinese, and compatriots in Hong Kong and Macao for their support of our diplomatic work. Also, I wish everyone happiness and success in the New Year. Thank you.

### 'Roundup' on U.S.-Anglo 'Special Relationship'

HK3112093790 Beijing RENMIN RIBAO in Chinese  
25 Dec 90 p 6

["Roundup" by staff reporter Zhang Qixin (1728 0796 2500): "Turning a New Page in the U.S.-Anglo Special Relationship"]

[Text] Washington, 22 Dec (RENMIN RIBAO)—From 20 to 22 December, British Prime Minister John Major made his first visit to the United States since becoming prime minister. The purpose of his visit was obviously to reaffirm the special relationship between the United States and Britain. During the visit, Major and President Bush held two discussions and met with other senior officials as well as people in political circles.

During her terms of office as British prime minister for the past 11 years and more, Mrs Thatcher, John Major's predecessor, came into contact with three U.S. presidents. At important moments during changeable international situations, she frequently traveled to and fro between London and Washington, coordinating with U.S. diplomats on many international issues and developing a solid Anglo-U.S. special relationship. In the wake of Mrs Thatcher's sudden departure from 10 Downing Street, continued maintenance of this relationship is of extreme importance to both countries.

Major's present talks with Bush were mostly concentrated on current major international issues, including the Gulf crisis, Soviet political situation, NATO's role, and the South African situation, as well as the GATT talks. After the talks, both sides indicated that they held identical views and adopted the same stand on the issues covered in the discussions. Bush called the talks "very fruitful." Major, however, held that his visit to the United States provided him with an "extremely good opportunity" to "be better acquainted and exchange views with American leaders, and for them understand each other's common interests." As U.S. media circles expected, there will be no change in the British policy on major international issues as a result of the change of cabinet.

On the current hot spot—the Gulf crisis, Major and Bush reaffirmed their unanimous stand; although still hoping for a peaceful solution to the Gulf crisis, both were determined to carry out the UN Security Council's resolutions in full and rejected "methods of partial solution." Like his predecessor, Major supports the United States, for which President Bush expressed great appreciation.

The recent Soviet political situation was another important topic of discussion. In their talks, the leaders of the two countries indicated: If there is no change in Soviet foreign policy, as Gorbachev has said, they will maintain their existing relations with the Soviet Union and quietly watch the development of events.

Both the United States and Britain need to preserve their special relationship. For many years, Britain has relied on the United States to maintain its international status, while the latter has relied on the former's support to increase its role internationally. During the U.S.-Anglo summit, both sides laid particular stress on their common ground. At a joint press conference held with Major, Bush especially stressed that he would try by every possible means to strengthen such a relationship. Major, however, stressed the common ideals and interests of both countries. Public opinion here holds that, judging from now, a new page will be turned in the U.S.-Anglo special relationship, but the differences and contradictions in their bilateral relations, especially in economic and trade relations, will still have an impact in the future.

#### Article Reviews Changes in World Pattern

HK0201050591 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 52, 24 Dec 90 pp 3-4

[Article by Yao Yun (1202 0061): "Changes in the International Situation and the World Pattern"]

#### [Text] I. Major Events in 1990

The year 1990 has been an uncommon year.

Major events and changes have taken place in the world this year. Main examples are as follows:

The Gulf crisis broke out. Iraq invaded and annexed Kuwait, and the United States carried out armed intervention. This has led to a war crisis in the Gulf region. Now the UN Security Council has passed a resolution ordering Iraq to withdraw its troops from Kuwait before 15 January, otherwise UN members will be entitled to "use all necessary means." In the meantime, the United States and Iraq are considering a dialogue. It is still hard to predict the outcome.

Germany has achieved reunification after 45 years of separation since the end of World War II. With the merging of East Germany into West Germany, a powerful Germany has arisen in Europe, far superior in

strength to the neighboring nations. As a result, the balance of power in Europe has immensely changed.

The situation in the Soviet Union is grim and its national strength has declined. Its political situation is full of unrest, its economic situation is deteriorating, its national contradictions have led to a split, and it is making concessions toward foreign countries. The Soviet Union is still unable to get rid of its economic crisis and difficulties despite a CPSU plenary session in February and the 28th congress.

The situation in East Europe is still in confusion. Since drastic changes occurred in East European countries last year, most of them are still facing unstable political situations, their economic difficulties are worsening, and their societies are full of unrest. Changes in these countries have not led to a bright future.

A summit meeting was held by the Conference on Security and Cooperation in Europe [CSCE] at a time when drastic changes were taking place in the European situation, to set up a new European security structure and conclude an agreement on a conventional arms reduction. NATO and the Warsaw Treaty Organization issued a joint declaration on mutual nonaggression. But CSCE prospects still remain unclear.

The world economic situation is turning for the worse. Vicious signs have appeared in the Western economy following a prolonged low growth rate. The United States and Canada are entering a depression period. The Gulf crisis has led to oil price hikes, thus dealing a blow to the economies of many countries, except oil producing nations.

Third World nations are moving forward with difficulty in pursuit of political stability and economic development. The political situation in Asia, Africa, and Latin America is unstable; there have been many government reshuffles; and mutinies and coups have even occurred in some countries.

China has maintained political stability, its economy is turning for the better, it has made a number of diplomatic achievements, and Western countries have failed in their "sanctions" against China. China's position on the Gulf crisis and Cambodian issue enjoys widespread appreciation.

With overall significance and influence, these events have taken place following great changes in the world pattern and are the manifestations and reflections of these changes as well. In the meantime, they are causing the world pattern to change further.

#### II. Changes in the World Pattern Are Speeding Up

The development of the international situation in 1990 indicates that the changes in the world pattern are speeding up.

The Yalta pattern has disintegrated. The Yalta pattern taking shape after World War II was actually a sphere of

influence designated by the United States and the Soviet Union for confrontation and containment between two blocs, one headed by the United States and the other by the Soviet Union. The success of the Chinese revolution, the split between China and the Soviet Union, the separation of Yugoslavia from the Soviet bloc, and colonial countries becoming independent all shook the Yalta pattern. Now the balance of forces in Europe has changed following East European separation from the Soviet bloc, the decline and retrenchment of the Soviet Union, and German reunification. The CSCE summit in November this year actually marked the end of the Yalta pattern.

The world is developing toward multipolarization. The era has gone in which the U.S. and Soviet superpowers could dominate world affairs. The future world will present a multipolar confrontation as a result of a drastic decline in the Soviet Union, a recession in the United States, the rising of Germany and Japan, and China's invigoration. True, the United States will still maintain its prominent superiority for a period of time and its role and influence will remain particularly conspicuous in world affairs at a time when the Soviet Union is losing its superpower position. This finds expression in the Gulf crisis. But it is an irrefutable fact that the U.S. strength and position are gradually weakening. Some experts discussed the meaning of a "pole." Apparently, it refers to a center that has powerful economic, political, and military strength as well as major influence on world affairs. A pole may not necessarily be equipped with the above strength in an all-around way but can still be regarded as one of the many poles as long as it plays an important role in world affairs. These experts held different views on how many "poles" will appear in the world and whether the Third World will constitute a "pole." But it is a prominent fact that the world is developing from polarization to multipolarization in which each contains and restricts the other.

Profound changes are taking place in international relations. Relaxation has appeared in U.S.-Soviet relations as a result of major Soviet concessions; compromise and cooperation have been achieved in some fields. Germany and the Soviet Union are taking precautions against each other while on the other hand trying to draw each other over. The United States and West Europe support and encourage changes in the Soviet Union but are also worried about its future, therefore their relations are delicate. EEC nations wish to take advantage of German strength but never lower their guard to it, particularly. This is even so with Britain and France. Relations between the United States and West Europe require an adjustment in this new situation; both sides need cooperation but are contending for leadership. All this suggests the complexity of international relations. In Asia, the adjustment of Soviet-Japanese relations, the change in the relations between the Soviet Union, North Korea, and South Korea, as well as the development and improvement of China's relations with the neighboring countries are worthy of attention.

The formation of international forces is also undergoing a change. The disintegration of the Soviet bloc and the merging of East Germany into West Germany have caused an immense change in the formation of European forces. In Europe there are signs indicating the formation of new forces, such as Germany and some countries in eastern and central Europe coming closer; Italy and five countries (including Austria, Hungary, Yugoslavia, and Czechoslovakia) in central and southern Europe holding a meeting to discuss development and cooperation; and proposals for developing the Mediterranean region and the relations between Latin-speaking nations. A more important formation of forces is likely to occur in the future. In the Middle East, the Gulf crisis has led to the split of the Arab world, whose formation is also undergoing a new change.

The structure of international relations playing a leading role in world affairs is also changing, and big powers are contending for the setting up of a new security system. In this new situation, the United States is still trying to protect its hegemonist position, but its ability falls short of its ambition. It wishes to borrow others' forces, thus giving rise to the idea of forming a U.S.-Europe-Japan core to control world affairs and even a "trilateral formula" with the United States, Germany, and Japan playing a principal role. The summit conference of the seven big powers has become an institution discussing and interfering world economic and political affairs. This is a specific manifestation of this tendency. Out of consideration for their own interests, the Soviet Union, the United States, Germany, France, and Britain are making proposals on the establishment of a new European security system. Essentially speaking, this is a contention between Europe and the United States for leadership and strategic interests in Europe. The CSCE summit did not resolve this problem, nor will it be able to resolve it. The controversy will continue.

This development trend indicates that the international situation is turbulent and unstable amid world changes.

### III. Uncertain Factors

Now is a transitional period from the old pattern to the new one. The old pattern is disintegrating and the new one is taking shape. It is still difficult to accurately predict what the future world pattern will be like, the reason being that a number of factors still remain uncertain.

First, will the line and policy taken by the Soviet Union remain implemented? Will it be able to overcome its economic, political, ethnic, and social crises? Where is the way out? How is the position of the current leadership? Whither the Soviet Union? People are asking these questions and looking for the answers.

Second, how will Germany develop in the future? Despite its low-key attitude, it will grow more powerful after absorbing East Germany. What is its likely future? Will the future be a "Europe's Germany" or a "Germany's Europe"?

Third, as the first economically strong nation, Japan is trying to turn itself into a politically powerful country. What is more, people are worried whether it will become a military country. How will its relations with the United States, the Soviet Union, Europe, and China change? How will its economic policy and policy toward the Asian-Pacific region develop?

Fourth, East Europe is traversing a painful road after changing its course. How is the future of these countries?

Fifth, what will the outcome of regional conflicts be? How is the impact? The present Gulf crisis remains unresolved. No matter what, it will produce an important impact on the economy and politics of the world.

These uncertain factors and problems require cool-headed observation. Only thus will it be possible to appraise the future world situation and pattern.

In studying the world situation and pattern, we should proceed from the basic contradictions in the world according to dialectical materialism. In my opinion, the basic contradictions in the present world are the contradiction between the socialist and capitalist systems and their ideologies; the contradiction between big powers in terms of economy, politics, interests, and world strategy; the contradiction between developing and developed nations; the contradiction between national independent countries; and the contradiction between different classes in different countries. One of these contradictions may turn into the main contradiction following changes in other contradictions. Only by analyzing and understanding these basic contradictions and the main contradiction, can we be sure of the development trend of the world situation.

### United States & Canada

#### Song Ping Meets Chinese-American Scholars

OW3112083490 Beijing XINHUA in English  
0748 GMT 31 Dec 90

[Text] Beijing, December 31 (XINHUA)—Song Ping, a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, met two noted Chinese-American scholars here today.

The visitors, professor Yuh Kang-pan of Boston College and president of the National Association of Chinese-Americans, and Professor Donald Choy Chang of Baylor College of Medicine in Texas, arrived here four days ago at the invitation of the Association of Western Returned Chinese.

#### Article Reviews U.S. Invasion of Panama

HK3112113090 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 52, 24 Dec 90 pp 29-30

[Article by Wang Shubo (3769 2885 2672): "Panama After One Year of Invasion by the U.S. Armed Forces"]

[Text] Panama City (LIAOWANG OVERSEAS EDITION)—Not long ago, General Paredes, who had once succeeded General Torrijos as commander of the Panamanian armed forces, make a remark proposing a referendum in Panama. He maintained that the Panamanians should make a choice—either Panama will become a part of the United States or remain independent. If the Panamanians wanted their country to become a part of the United States, then he would make no comment; but if they still wanted their country to continue to exist as an independent state, then they should do their best to safeguard the country's sovereignty.

This remark seemed to be a fantasy at first hearing. After careful thought, however, one will realize that this remark has touched the key point of the Panama question. Paredes is a well-known patriot who had struggled along with Torrijos for the new treaty that led to Panama's recovery of the canal. Of course he absolutely does not want to see such a referendum really be held. In making the above remark he merely wanted to remind all those who still keep national dignity that Panama has lost all its sovereignty after the U.S. invasion and it is high time for them to rise to defend their national sovereignty.

#### The Wounds

On 20 December last year, the United States flagrantly sent 30,000 troops to invade Panama, a country with only some 10,000 troops and a 2.3 million population. The U.S. troops wantonly and indiscriminately bombed strategic facilities of the Panamanian National Guard and killed and wounded numerous Panamanian soldiers and civilians. A large number of Panamanians were rendered homeless refugees. Unprecedentedly outrageous robberies took place in Panama city because of the anarchic state that followed the invasion. The U.S. invasion has caused formidable political, economic, and psychological hurt to Panama. Until present the wounds are still bleeding. At the district of (Georio) [qiao li yue 0829 6849 4766], the former site of the headquarters of the Panamanian National Guard, which was devastated by U.S. artillery, more than 10,000 residents lost their homes. Until now some 1,800 of the 2,816 households who lost their homes are still living in refugee camps awaiting to move into new homes. A demonstration is held on the 20th day of every month. The demonstrators are mainly women and children who had lost their family members during the U.S. invasion. Dressed in black and holding the portraits of the deceased, they march silently from (Polas) [3134 2139 2448] Square to the cathedral near the presidential palace. Their husbands or fathers or brothers died in resisting the invasion and they just demonstrate to request the state to recognize their family members who died in the resistance against U.S. invasion as martyrs. Their request, however, has received no response from the authorities yet.

As compared with the economic losses which are estimated at \$2 billion, the political impact that the U.S. invasion has made upon Panama may be still more

profound and extensive. The Panamanian National Guard was dismissed, the Panamanian government was overthrown, and the strong man of the former regime Noriega was arrested and sent to the United States after the U.S. invasion. At the same time, the United States has propped up a congenitally deficient government in Panama. On the day of U.S. invasion, heavily guarded by U.S. troops, Guillermo Endara sworn in as the President of Panama. Without any exceptions in history, all governments that were set up under the aggressors' armed protection lacked the ability of handling major problems. Now all opponents to Endara and the religious circles are complaining that the notable officials of the government "have asked for instructions" from the U.S. embassy for everything, major or minor. Perhaps they have exaggerated a little bit, but after all it is true that the government lacks the self-decisionmaking ability. The tense relations between the Endara administration and other Latin American countries is another factor contributing to its weak position. Panama was one of the few founding members of the Contadora Group, which joined the Lima Group to form the present Rio Group. The Rio Group has now become a consultative body for major Latin American countries. Panama should have been accepted as an ex-officio member of the Rio Group. However, in view of the fact that the present Panamanian government was established through the U.S. invasion, the Rio Group refused to recognize Panama as a member state. Now some military and government officials of the former Panamanian regime are still taking shelter in the Peruvian, Ecuadoran, Mexican, and Venezuelan embassies in Panama, as the Panamanian government categorically refuses to let them leave the country. This is another contributing factor for the tense relations between Panama and these countries.

### Blackmail

After the dismissal of the Panamanian National Guard, a police force was set up to take charge of public security. Most members of the former National Guard have joined this scarcely armed police force. Being afraid that the military would stage a coup d'etat, the government has changed the police chief four times in only a year and has forced a large number of military officers to retire before their terms of office expire. In the meantime, more than 1,000 U.S. soldiers are still performing duties, "keeping order" in the Panamanian capital and elsewhere in the country. The U.S. troops stationed in the canal area that are put under the U.S. armed forces' South Command are ready to march into Panama city at any time. The opposition unanimously agrees that Panama is now an occupied state.

The United States had defied the world's condemnation in sending troops to invade Panama. Now it has even gone all out to do everything it can to legalize its interests in Panama in the form of treaties and accords. The U.S. Peace Team that was expelled by Torrijos has returned to Panama. The accord on Panamanian-U.S. joint patrol of the Panamanian territorial waters has been put into force. The United States has not, however, had every

desire fulfilled. The negotiations on the treaty concerning mutual judicial assistance are now in trouble. The core of this draft treaty is to enable Panama to get rid of the usual practice that allows banks to keep depositors' information confidential. There are more than 100 foreign banks operating in Panama. The business circles and bankers believe that the mutual judicial assistance treaty would damage Panama's status as a financial center, discourage investments from abroad, and thus undermine Panama's economy. The United States insists that the purpose of the treaty is to prevent Panama from being used by drug traffickers and other outlaws as a place for "money washing." The Panamanian public are afraid that the treaty would infringe Panama's sovereignty. The negotiations have dragged on for several months, but the Panamanian government, under the pressure from different sectors at home, still has not agreed to sign it. The United States on its part has tried every means to push the treaty through. As its first attempt, the United States has exerted pressure on Panama by threatening to reduce aid. The United States has promised to offer \$460 million worth of aid to Panama, but so far it has released only \$180 million. The United States has retained 20 percent of the funds as a favor to be offered upon the signing of the mutual judicial assistance treaty, in other words, if Panama refuses to sign the treaty, the United States will cut the aid by \$90 million. This is no doubt a very strong pressure on Panama, which badly needs support at the moment. On the other hand, the Americans had taken away 15,000 cases of documents from the Panamanian National Guard during their invasion of Panama, and so far they have not returned any of these documents, of which many could be used to blackmail Panamanian government officials. Not long ago some U.S. newspapers reported that the (Biocean) [liang yang 0357 3152] Bank, of which the incumbent Panamanian President Endara had been director and secretary, was involved in "money washing" activities. Psychological battles like this have been continuing. To achieve its goal, the United States has tried by every means, ranging from threats to inducements, to compel the Panamanian government to submit.

### Coup D'Etat

From the U.S. suppression of the 5 December coup, one can more clearly see the United States' domination over Panama's political operation. The coup was led by Colonel Herrera, who had been the Panamanian ambassador to Israel during Noriega's reign and was relieved of the post later. Before the U.S. invasion Herrera had played a part in activities that were aimed at overthrowing the Noriega regime. For this reason, when the new government was being set up and the police force was being organized after the U.S. invasion, Herrera was appointed deputy commissioner of the police. In January this year he was promoted police commissioner. Then in August this year he was relieved of his post because he was suspected to be plotting a coup. On 18 October this year, Attorney General (Cruz) [0344 7627

2448] announced that the government had cracked a coup attempt led by Herrera. (Cruz) accused Herrera of trying to launch an operation to seize the power by taking the opportunity of the demonstration staged by government staff members on 16 October. Herrera was then in Peru. He immediately openly refuted the accusation and said he would return to Panama to clarify the case. Herrera was arrested upon his arriving home on 24 October. At 1700 on 4 December, when the trade union was organizing a demonstration and preparing a nationwide strike the following day, Herrera succeeded in escaping from (Nausi) [3839 2448] Island Prison by a helicopter with the help of several policemen. Herrera arrived at the police headquarters by car that night. Supported by several hundred policemen he occupied the police headquarters. After that, U.S. troops in full battle array, backed up by armed cars, arrived and sieged the police headquarters. At 1000 on 5 December, Herrera and his followers decided to march toward the parliament building to launch their "Fight-For-Rights Movement." Herrera and his supporters broke through several blockade lines. But when they were about to break through the last blockade line, the U.S. soldiers fired on the ground with M-16 rifles to stop them, and then they arrested Herrera and the more than 30 policemen who followed him. The U.S. soldiers forced the Panamanian policemen to lie on the ground, tied their arms with rope, pushed them to mount trucks, and then sent them to the prison. During the event, the U.S. troops shot dead two Panamanian policemen and wounded several. The U.S. government issued a statement saying that it would give "unconditional support" for the Endara government and that it had taken military action at the Endara government's invitation.

### Crisis

The coup was cracked by the U.S. troops and the strike was over. However the factors causing the coup and strike still remain. On the one hand, the Endara government still refuses to let off former army and government officials, which has led to serious political confrontation. Some senior officials of the late regime have been caught and taken away by the United States, some have been detained, while the rest are trying to flee the country. On the other hand, the country's economy has not been improved substantially. Of the 800,000-strong labor force, 150,000 are unemployed. The government has tried to attract investments by adopting a series of measures such as privatization, revision of the labor law, and reduction of yearend bonuses. But these measures have aroused extensive grievances because they have directly infringed the interests of the laborers of the lower strata. Panama's foreign debts have now amounted to \$6 billion. As it failed to pay the World Bank, the International Monetary Fund, and the Pan America Development Bank the due \$540 million debts, Panama has been listed among countries not entitled to secure new loans. Because of social instability and lack of propensity for investments, Panama's economy is not likely to improve. And all these conditions are linked

with the reality that the country is being occupied and is deprived of its sovereignty. A crisis can arise at any time so long as all these conditions remain.

### Hebei's Zhang Runshen Meets Canadian Delegation

SK3112142790 Shijiazhuang HEBEI RIBAO  
in Chinese 21 Nov 90 p 3

[By reporter Jin Cahngzhi (6855 2490 2784): "Zhang Runshen Meets With Canadian Guests"]

[Text] This evening, Vice Provincial Governor Zhang Runshen met with officials and specialists of the Canadian International Agricultural Development Program that came to visit our province.

During this visit, the delegation led by Doctor (Dole) will conduct final discussions with the provincial Academy of Agricultural Sciences on the "dry land agricultural project," which will be carried out between China and Canada.

During the meeting, Zhang Runshen said: Our province has a fairly large area of low-lying and dry land. Although the output has increased and the situation has improved through strenuous efforts, the output has remained low. So, the provincial government has paid full attention to the study of this topic. In agriculture, we need trained personnel badly. Through cooperation and research, we may nurture a number of trained personnel. The provincial government will provide active support in terms of funds, personnel, and materials. It is hoped that good results will be attained at an early date.

The guests said: "The Hebei Provincial government and Hebei Provincial Academy of Agricultural Sciences have done much work and have made very good achievements in this regard. Canada will exert itself fully to support this cooperative research work."

### Soviet Union

#### Huang Hua Meets Friendship Society Visitors

OW2912150990 Beijing XINHUA in English  
1337 GMT 29 Dec 90

[Text] Beijing, December 29 (XINHUA)—Huang Hua, member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party (CPC), met a delegation of the Soviet Society of Friendship With Foreign Countries here today.

The Soviet visitors led by V.V. Ovchinnikov, member of the Central Council of the Soviet-Chinese Friendship Society and political commentator of the PRAVDA, are here as guests of the China Association for International Friendly Contact.

Huang Hua, also chief advisor to the China association, had cordial and friendly talks with Ovchinnikov and the other guests.

Ovchinnikov was chief resident correspondent of the PRAVDA in Beijing for years. He interviewed Jiang Zemin, general secretary of the CPC Central Committee, when he visited China last April.

Shao Huaze, editor-in-chief of the PEOPLE'S DAILY, was present at the meeting.

### Southeast Asia & Pacific

#### Illegal Group With Burma, Taiwan Ties Cracked

HK3112031190 Kunming Yunnan Provincial Service  
in Mandarin 1000 GMT 29 Dec 90

[Text] The provincial Public Security Department spokesman announced yesterday afternoon: Recently the public security organs throughout the province successfully uncovered an unlawful organization—the China Awakening Lion National Salvation Association, which had formulated its program and plots and organized forces to overthrow the leadership of the CPC and subvert the socialist system.

The chief culprit is (Zhao Zongxiang), male, 40, a native of Shanghai; and the accessory offenders comprise (Yang Tao), female, 32, a native of Kunming; (Li Meisheng), male, 28, a native of [words indistinct], Burma; and (Ai Ji), male, 27, a native of [words indistinct], Burma.

In April last year (Zhao Zongxiang), (Yang Tao), et al planned and set up the China Awakening Lion National Salvation Association, an unlawful organization, and drafted their program. In May, the two crossed over to Burma illegally to throw in their lot with the Kuomintang secret service. They provided the secret service with information on China's political reform and military affairs and the namelist, program, and plots of their illegal organization.

In May this year, the Taiwan secret service appointed (Zhao Zongxiang) as chairman of the China Awakening Lion National Salvation Association Shanghai Branch and conferred on him the title of lieutenant colonel; and appointed (Yang Tao) chairman of the Yunnan branch and conferred on her the title of major. Later, escorted by Taiwan agents (Li Meisheng) and (Ai Ji), they slipped into Xishuangbanna Autonomous Prefecture and tried to go back to Shanghai and Kunming to carry out counterrevolutionary activities, carrying with them a large amount of funds and equipment.

On 24 November, our public security organs arrested the four criminals and seized evidence of their crimes, including their program and seals.

The four criminals pleaded guilty to their crimes.

#### Liao Hansheng on Philippine Visit, Greetings

HK3112032390 Beijing International Service  
in Tagalog 1130 GMT 30 Dec 90

[Year-end message from National People's Congress (NPC) Standing Committee Vice Chairman Liao Hansheng; in Mandarin with superimposed translation into Tagalog—live or recorded]

[Text] We have been delighted to participate in the further strengthening of the friendship ties between China and the Philippines this year, which has been achieved by the mutual cooperation between our two governments. Members of our two countries' judiciaries have also made a large contribution toward this end.

This past October, I was asked to head a delegation of the National People's Congress for a visit to your country. During our visit, we were able to achieve mutual understanding and renew our friendship and cooperation, which will be enhanced further to allow peace and progress to flourish in the region and the world. The mutual interests of our two countries allow us to take advantage of opportunities to enhance our history, culture, and race.

During our delegation's visit, we were able to meet President Corazon Aquino. She emphasized the special relation between our two countries. This made a deep impression on us. We were also pleased to hold dialogues with Senate President Jovita Salonga, Speaker Ramon Mitra, Jr., Foreign Secretary Raul Manglapus, and other members of the upper and lower houses, reaffirming our desire to further strengthen our friendly relations. We also visited Mindanao and Bohol, where we were warmly received by the people in those regions. This made a deep impression on us.

Recently, Premier Li Peng paid a friendly visit to your country, thus bringing our relations to a higher level. The aims expressed by the leaders of our two countries are an indication that, in the coming years, our friendly cooperation and good relations will improve even more. This will greatly contribute to the peace and progress of the region.

Finally, I wish to take this opportunity to send affectionate greetings to my friends in the Philippines and to listeners of Radio Beijing. I wish you much health and happiness in the New Year. Mabuhay! [Long live!—traditional Tagalog greeting] Thank you very much.

#### 'Yearender' Views Progress on Cambodian Issue

HK3112055190 Beijing RENMIN RIBAO in Chinese  
20 Dec 90 p 7

["Yearender" by staff reporter Liu Aicheng (0491 1947 2052): "Progress of and Obstacles to a Political Solution to the Cambodian Issue"]

[Text] The year 1990 ushered in an important stage of the efforts aiming at a political solution to the Cambodian issue. Progress has been made this year, but difficulties and obstacles have arisen as well.

In the first place, the package program on the overall political solution to the Cambodian issue put forth by the five permanent members of the UN Security Council has paved the way to peace and the end of the 12-year-old war in Cambodia.

Although the Paris International Conference on the Cambodian issue held in August last year was adjourned without concluding any agreement due to obstacles laid down by Vietnam and the Phnom Penh regime, the international community and the countries concerned have not given up their efforts for a comprehensive political solution to the Cambodian issue. After January 1990, the five permanent members of the UN Security Council held a few rounds of talks in Paris and New York trying to work out a political solution to the Cambodian issue, and at last they reached a consensus on some major points.

After four rounds of talks, the five permanent members of the UN Security Council set out the goal, orientation, and general method for the solution to the Cambodian issue. They unanimously agreed that the use of force to solve the Cambodian issue must be ruled out, and they emphasized that the United Nations should play a greater part in the process of the search for a political solution to the Cambodian issue. They urged all foreign troops to withdraw from the country under UN supervision; and, at the same time, a Supreme National Council should be set up to represent Cambodia's sovereignty during the transitional period and finally organize fair and free elections so that the Cambodian people will be able to make their own choice on their country's future.

During the fifth round of talks, the five permanent members of the UN Security Council held further consultations on two key questions, namely the arrangements concerning political power and armed forces for the transitional period. The consultations resulted in two documents which fully confirm the necessity of selecting representative and authoritative figures from among the Cambodian people to form the Supreme National Council. The documents suggest that Samdech Sihanouk be invited to preside over the Supreme National Council. During the sixth round of talks, the five permanent members of the UN Security Council worked out a package program for a political solution to the Cambodian issue. The framework of this program is composed of five parts, comprising the transitional arrangement regarding the administration of Cambodia before general elections are held, the military arrangements for the transitional period, the general elections to be organized by the United Nations, the protection of human rights, and the international guarantees of Cambodia's sovereignty and territorial integrity. The five permanent members of the UN Security Council urged all the Cambodian parties concerned to accept this program "as

a package deal," and take it as "the basis for the solution to the Cambodian issue." This program was later incorporated in Security Council Resolution No. 668 and approved by the 45th UN General Assembly, and thus the Cambodian issue was brought onto the track leading to an overall political solution.

Second, the peace process has been pushed forward since all the factions of the Kampuchean national resistance forces sincerely support the above program and have made some concessions.

Before the unofficial meeting of the four Cambodian parties was held in Jakarta last September, the Phnom Penh regime had repeatedly insisted on the idea that the Cambodian Supreme National Council be formed by "two regimes" instead of "four parties." In consequence, the meeting was almost canceled. Thanks to the mediation efforts by the two chairmen of the Paris International Conference on the Cambodian issue—Indonesian Foreign Minister Alatas and French Vice Foreign Minister Madame (Avis) [a wei si 7093 4850 2448]—the Kampuchean national resistance forces, out of consideration of the overall situation, agreed to compromise, and gave up the original plan for a supreme council formed by all four Cambodian parties, each keeping five seats, and accepted another plan by which the Phnom Penh regime is represented by six seats while the three national resistance force parties are each represented by two seats on the council. So the meeting was finally convened and the Supreme National Council was set up smoothly.

While people were expecting the Supreme National Council to play the role of the only legal organ in Cambodia during the transitional period, the Phnom Penh regime raised a new issue at the first meeting of the Cambodian Supreme National Council. Since the Phnom Penh regime refused the election of Samdech Sihanouk as chairman of the council, the peace process was hindered. Recently they even declared rejection of the agreement that the four Cambodian parties had already concluded during the Jakarta conference. This was a further retrogression from the stance on the political solution to the Cambodian issue.

The five permanent members of the UN Security Council were very anxious over this last deadlock in the attempt for a political solution to the Cambodian issue. In early and late November they held two work meetings on the Cambodian issue in Jakarta and Paris. During the Paris work meeting, the participants completed the drafting of all the documents concerning the comprehensive political solution to the Cambodian issue, based on the guideline laid down in the document presented by the five permanent members of the UN Security Council. The work meeting held that the first problem that needs to be solved for the moment is that concerning the leadership of the Cambodian Supreme National Council, and reiterated that Samdech Sihanouk should be elected chairman. The work meeting called on all the Cambodian parties to ensure the normal operation of the

Supreme National Council so that the Paris international conference could be resumed as soon as possible.

The Kampuchean President, Samdech Sihanouk, recently twice invited the premier of the Phnom Penh regime, Hun Sen, to attend an urgent meeting in Paris to discuss the problem concerning the Supreme National Council with the three other Cambodian parties. But his invitations were turned down by the Phnom Penh side. The Phnom Penh regime's wavering has aroused strong discontent in the international community. Despite the many obstacles raised by the Phnom Penh side in the process of a search for a political solution to the Cambodian issue, the aspirations for an early realization of national reconciliation and peace in Cambodia within the "framework" set by the document on a comprehensive political solution to the Cambodian issue presented by the five permanent members of the UN Security Council have become a dominant trend that cannot be stopped. People are hoping that the Phnom Penh regime will have a clear understanding of the situation, go with the tide of historical development, and adopt a realistic attitude toward a political solution to the Cambodian issue.

#### **Kuwaiti Amir Briefs Council on China Visit**

*OW2912202390 Beijing XINHUA in English  
1901 GMT 29 Dec 90*

[Text] Cairo, December 29 (XINHUA)—The Amir of Kuwait Shaykh Jabir al-Ahmad al-Sabah presided over a meeting of the Kuwaiti Council of Ministers late Friday in the Saudi Arabian city of Taif on the outcome of his recent visit to China as well as the Gulf crisis.

Reports received here today from Taif said the amir briefed the Kuwaiti cabinet members on the outcome of his talks with Chinese leaders during his stay in China, which ended Friday.

He briefed them on China's positions rejecting the Iraqi invasion and occupation of Kuwait, and demanding the immediate withdrawal of Iraqi troops from Kuwait and the return of the legitimate Kuwaiti regime.

The amir also informed the Council of Ministers of the outcome of the Gulf Cooperation Council summit held recently in the Qatari capital, Doha.

The Kuwaiti amir started his visit to China on Wednesday. He returned to Taif on Friday.

The amir and members of the Kuwaiti Government as well as most of the royal family fled to Saudi Arabia following the August 2 Iraqi invasion of Kuwait.

#### **Chi Haotian Meets Pakistani Army Chief of Staff**

*OW0101080091 Beijing XINHUA in English  
0700 GMT 1 Jan 91*

[Text] Beijing, January 1 (XINHUA)—Chi Haotian, chief of General Staff of the Chinese People's Liberation

Army (PLA), met and hosted a luncheon for chief of staff of Pakistan's Army, Aslam Beg, here today.

During the meeting, the two military leaders exchanged views on issues of mutual concern. They expressed the wish to further the relations between their two countries and armies.

#### **'Yearender' on Developments in Pakistan-India Ties**

*OW2912154190 Beijing XINHUA in English  
1527 GMT 29 Dec 90*

[“Yearender: India, Pakistan Strive for Easing Tensions (By Mi Ligong, Zhang Dexiong)”—XINHUA headline]

[Text] New Delhi, December 29 (XINHUA)—The tension between India and Pakistan which mounted in the first half of 1990 has now somewhat reduced, following peaceful efforts by both sides.

The unresolved sensitive Kashmir issue, over which the two countries fought two full-scale wars since their independence in 1947, again was attributed to the tension, which was touched off when Muslims in the India-controlled Kashmir launched a self-determination movement at the beginning of the year.

More strongly than usual, India accused Pakistan of direct involvement in the armed violence there. Pakistan denied the allegations, but assured its political and moral support to the Kashmiris' struggle.

The situation worsened as exchanges of fires between troops of the two countries across the border occurred from time to time, and resulted in, in mid-April, a "preparation of war" between the two sides. The Indian Government also made a decision to put up barbed wire fences along the line of actual control and the international border in India-controlled Kashmir.

Talks between interior secretaries of both countries were then held and an agreement was reached for both countries' security forces to check any unusual activity on the border and to carry out coordinating simultaneous patrols on frontiers. Military commanders of the two sides also communicate with one another.

Meeting at the United Nations in early May, Pakistan Foreign Minister Yaqub Khan and his Indian counterpart I.K. Gujral pointed out that war would not only further deepen the conflict between the two countries, but also increase their burdens of external debt and excessive military spending and negate the process of development.

Furthermore, the then Pakistan Foreign Secretary Tanveer Ahmed Khan said in July that an outbreak of a war in South Asia would badly damage the era of peace in the world.

Pakistan, in response to a number of confidence-building measures put forward by New Delhi, proposed foreign secretary level talks, which were materialized in Islamabad on July 18.

New Delhi described the talks as a good and important beginning towards confidence-building and tension reduction in the region, despite that nothing substantial had been achieved there.

The second round of the talks continued in New Delhi in August. Two draft agreements relating to non-violation of each other's air space and advance information on troops movements were reached. The discussions were regarded by both sides as having made good progress.

The meeting between India's new Prime Minister Chandra Shekhar and his new Pakistani counterpart Nawaz Sharif in Male, capital of the Maldives, during the fifth SAARC (the South Asian Association for Regional Cooperation) summit in late November, was the highest level of discussions between the two countries in the year. The two prime ministers shared a common view that all differences between their countries could be solved through dialog.

Shekhar hailed the meeting as a mark of the beginning of a new chapter in bilateral relations, while Sharif said that ice had been broken in Pakistan-Indian ties.

Press reports said a hot telephone line has been set up between the two prime ministers since the meeting.

As another result of the Male meeting, foreign secretaries' talks was resumed and the third round of them were held in Islamabad on December 18-20.

A decision was reached at the talks to exchange instruments of ratification of the agreement on prohibition of attack against each other's nuclear installations, a step praised by Indian press as the first confidence-building measure.

Though the talks have not yielded much substantial results, India's English daily, NATIONAL HERALD, said they are part of the process of normalization of relations, which everyone admits is a difficult exercise.

#### **Beijing Reception Marks Nepalese King's Birthday**

OW2812141190 Beijing XINHUA in English  
1310 GMT 28 Dec 90

[Text] Beijing, December 28 (XINHUA)—Nayan B. Khatri, Nepalese ambassador to China, hosted a reception here this evening at the embassy to celebrate the 46th birthday of Nepalese King Birendra Bir Bikram Shah Deva.

Present at the reception were Ngapoi Ngawang Jigme, vice-chairman of the Standing Committee of the Chinese National People's Congress, Qi Huaiyuan, Chinese vice-foreign minister and Han Huaizhi, deputy chief of the General Staff of the Chinese People's Liberation Army.

Other guests present on the occasion included foreign envoys in Beijing and officials from other Chinese commissions and ministries.

**Political & Social****CPPCC Holds New Year's Tea Party**

*OW0101145991 Beijing XINHUA Domestic Service  
in Chinese 0725 GMT 1 Jan 91*

[By reporter Zou Aiguo]

[Text] Beijing, 1 Jan (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference [CPPCC] held a New Year's tea party in the auditorium of the CPPCC Building this morning. Comrades Jiang Zemin, Li Peng, Wan Li and Qiao Shi joined responsible persons of democratic parties and the All-China Federation of Industry and Commerce, non-party democrats, and personages of various circles in joyfully celebrating the New Year.

Jiang Zemin, general secretary of the CPC Central Committee, spoke at the tea party. He said: The just closed Seventh Plenary Session of the 13th CPC Central Committee adopted the "Proposals of the CPC Central Committee for the Drawing-Up of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" and laid down the program of action for China to achieve the second-step strategic goal, indicating that China's socialist modernization will enter a new stage of development. Achievement of this strategic goal has a bearing on our country's lasting law and order, on the people's prosperity and happiness, and on the consolidation and development of the socialist system. We firmly believe that the people of all nationalities across the country will surely take an active part in the great undertakings of construction and reform, with a high degree of a sense of responsibility and awareness of the urgency, to create an even better future.

The tea party was held in the main hall on the third floor of the CPPCC auditorium. A huge streamer inscribed with "Happy New Year" was hung there to greet the guests. Party and state leaders and persons of various circles, sitting in a circle, cheerfully discussed the international and domestic situation and exchanged New Year's greetings with one another.

Present at the tea party were Tian Jiyun, Ding Guangen, Song Renqiong, Yang Baibing, Wen Jiabao, Peng Chong, Ngapoi Ngawang Jigme, Saypidin Aze, Yan Jici, Rong Yiren, Liao Hansheng, Ni Zhifu, Chen Muhua, Fei Xiaotong, Lei Jieqiong, Hong Xuezhi, Gu Mu, Yang Jingren, Wang Guangying, Qu Wu, Ma Wenrui, Wang Enmao, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Lu Jiayi, Qian Zhengying, Ismail Amat, and Hou Jingru.

Wang Renzhong, vice chairman of the CPPCC National Committee, presided over the tea party at the request of Chairman Li Xiannian. On behalf of Chairman Li Xiannian, other vice chairmen, and the CPPCC National Committee, he extended his warm welcome to the comrades and friends present, and wished them good health, successful work and a happy family in the new year.

In his speech, General Secretary Jiang Zemin gave his cordial regards to workers, peasants and intellectuals of all nationalities, commanders and fighters of the People's Liberation Army and the armed police force, members of democratic parties, non-party democrats, Hong Kong and Macao compatriots, and Overseas Chinese compatriots on behalf of the CPC Central Committee, the State Council and the Central Military Commission. He also extended his New Year's greetings to all foreign friends who show concern for and support China's modernization program.

Jiang Zemin said: In the course of undertaking modernization, carrying out reforms, and opening to the outside world, our party and the democratic parties and non-party democrats are cooperating closely with one another and standing together through thick and thin; each of us, working at his own workpost, has made important contributions. He urged all present to work with one heart and one mind, as they did before, to make still greater contributions to construction and reform.

Jiang Zemin said: As the new year has just begun, we are especially concerned about the country's reunification. We will firmly adhere to the principle of "one country, two systems" to strive for a peaceful reunification of the motherland. We place hopes on the Taiwan authorities, and we place even greater hopes on the people in Taiwan. We eagerly hope that all the people who love the motherland, including compatriots from Hong Kong, Macao, and Taiwan and the Overseas Chinese, will work hard together for China's reunification and prosperity.

Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association, spoke on behalf of all democratic parties, non-party democrats, and the All-China Federation of Industry and Commerce. He said: In viewing the past year in retrospect, we are particularly glad to see that China's patriotic united front and the system of multi-party cooperation under the leadership of the CPC have made new progress, and played an important role in promoting stability and development in our country, which attract people's attention both at home and abroad. This fact proves again that we must uphold the socialist system, and that the system of multi-party cooperation under the CPC leadership is a correct political party system that conforms to China's national conditions and has a great vitality. The Chinese people have had a firm confidence in accomplishing socialist modernization under the CPC leadership, and they have further enhanced their courage and perseverance to overcome difficulties and forge ahead.

Sun Qimeng said: The 1990's will be an extremely critical decade in the historical process of China's socialist modernization. The Seventh Plenary Session of the 13th CPC Central Committee, which just concluded, put forward proposals for drawing up the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development. This important document is a realistic analysis of the tremendous

achievement and practical experience of our country's reform and opening in the 1980's. It is a blueprint for our country's socialist reform and construction in the next five and 10 years. We believe that under the correct leadership of the CPC and with the entire nation working together with one mind, we can definitely realize this splendid blueprint and win a major victory in the 1990's.

Sun Qimeng said: Various democratic parties and the All-China Federation of Industry and Commerce have held or will soon hold their central committee or executive council plenary sessions. We feel that both at present and for some time to come, we must first conduct serious and in-depth study of the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee and, on that basis, work hard to closely integrate the line, principles, and policies of the CPC with the concrete practice, characteristics, and strong points of the various political parties and organizations. We must make great efforts to bring about this integration. We must seek in-depth implementation of the policies and seek tangible results on the basis of this integration. We must do so in the course of advancing our causes and blazing new trails. We must continue to strengthen ideological and organizational construction, and more successfully raise the ideological consciousness and initiative of our members and the masses with whom we have contact. We must organize, extensively and through various channels, the vast numbers of our members to take part, at different levels, in the political process and discussion, in democratic supervision, and in activities designed to promote the material and spiritual civilization. We must work concretely to bring into full play the positive role of our organizations in the nation's political and economic life.

Beijing's theatrical workers and children performed dances, solos, acrobatic routines, traditional music instrument ensembles, and comic dialogues at the tea party.

Attending the tea party were members of the Standing Committee of the CPPCC National Committee, including Ma Xin, Ma Yuhuai, Wang Hongzhen, Aimaiti Wajidi, Ye Gongshao, Tian Maijiu, Bai Zhimin, Qiao Mingfu, Wu Cangping, Zhuang Mingli, Liu Kaiqu, Liu Xiangsan, Liu Haiqing, Liu Zunqi, Chi Jishang, Tang Dequan, An Shiwei, Xu Baokui, Sun Yueqi, Su Qianyi, Li Gang, Li Yi, Li Renjun, Li Kaixin, Li Wenyi, Li Shuiqing, Li Shijie, Li Peiyao, Li Yuanchao, Yang Jiwan, Yang Zhengmin, Yang Zhilin, Wu Wenjun, Wu Lengxi, Wu Zuqiang, He Zhengwen, Yu Zhan, Shen Qiuwo, Shen Xiayi, Song Jiwen, Song Hongzhao, Zhang Jun, Zhang Xiang, Zhang Guangdao, Zhang Bilai, Zhang Junjiu, Zhang Chunnan, Zhang Xiangshan, Zhang Suwo, Zhang Chukun, Chen Yu, Chen Huangmei, Lin Hengyuan, Yi Lirong, Luo Qiong, Zhou Tongshan, Zhou Shaozheng, Zhou Weizhi, Zong Huaide, Zhao Weizhi, Zhong Shitong, Hou Xueyu, Hou Xianglin, Xu Guangyi, Gu Dachun, Qian Sanqiang, Xu Yixin, Xu Binzhou, Israel Epstein, Ling Qihan, Tang Youqi, Tan Haosheng,

Tao Lujia, Huang Ganying, Huang Jiqing, Huang Dingchen, Kang Yonghe, Peng Youjin, Hei Boli, Jiang Lijin, Han Kehua, Cheng Yuqi, Fu Tieshan, Lei Tianjue, Bao Yishan, Li Yuhang, and Huo Maozheng; responsible persons of the various democratic parties and the All-China Federation of Industry and Commerce, including Peng Qingyuan, Li Ganliu, He Luli, Gao Tian, Yu Duiyi, Tao Dayong, Luo Hanxian, Ma Dayou, Feng Zhijun, Ding Shisun, Wu Xiuping, Wan Guoquan, Feng Tiyun, Huang Daneng, Bai Dahua, Chen Shunli, He Zhicheng, Chu Zhuang, Ye Zhishan, Mei Xiangming, Chen Nanxian, Zhang Shiming, Shen Qizhen, Yang Jike, Lu Rongshu, Wang Songda, Hao Yichun, Wu Jieping, Cai Zimin, Wu Ketai, Chen Zhongyi, Ma Yi, Ye Baoshan, Sun Fuling, Jing Shuping, Huang Liangchen, and Hu Dingyi; responsible persons of the departments concerned at the central level and Beijing Municipality, including Wang Renzhi, Li Yan, Jiang Minkuan, Wan Shaofen, Song Kun, Cao Zhi, Zhou Jie, Xi Dehua, Shao Hengqiu, Zhao Wei, Zhu Zuolin, Zhang Qia, Ling Yongsan, Fan Kang, Gao Dengbang, Lin Liyun, Chang Jie, Zhao Pengfei, Bai Jiefu, and Gao Ge; and well-known personages, including Wu Dakun, Xu Mengshan, Li Maoan, Li Dawei, Cai Duan, Yuan Xiaoyuan, Zhuang Yanlin, and Xie Yuchen.

### Jiang Makes Speech

OW0101070391 Beijing XINHUA Domestic Service  
in Chinese 0452 GMT 1 Jan 91

[Text] Beijing, 1 Jan (XINHUA)—Speech by Jiang Zemin at the New Year Tea Party of the National Committee of the Chinese People's Political Consultative Conference on 1 January 1990:

Dear comrades and friends:

A new year has started. On behalf of the CPC Central Committee, the State Council, and the Central Military Commission, I hereby extend my cordial regards to workers, peasants, and intellectuals of all nationalities; to commanders and fighters of the People's Liberation Army and the armed police forces; to all patriotic personages of the democratic parties and groups, as well as nonparty patriotic personages; and to compatriots of Hong Kong, Macao, Taiwan and overseas Chinese. I hereby extend festive greetings to all of our foreign friends who have shown concern and support for China's modernization drive.

The past year was one in which the Chinese people worked in unity, overcame difficulties, and blazed new trails while making advances. In that year, China further consolidated its political stability and unity; scored marked results in improving the economic environment, rectifying the economic order, and deepening reform; and enabled the economy to progress along a healthy path. We upheld the independent and peaceful diplomatic policy, and expanded friendly contacts with all countries of the world. China tided over a fairly difficult period and continued to advance toward the established goal.

The Seventh Plenary Session of the 13th CPC Central Committee, which just concluded, adopted the "Suggestions of the CPC Central Committee on Formulating the 10-year Program for Economic and Social Development and the 'Eighth Five-Year' Plan." It determined the program of action by which China is to accomplish the second step of the strategic goal. This signifies that the socialist modernization drive in China will enter a new stage of development. By the end of this century, we will have doubled our gross national product, achieved a comfortably well-off level for the people's livelihood, and greatly increased the combined national strength. [XINHUA in English at 0914 GMT on 1 January in a similar report reads: "By the end of this century, he said, China will quadruple its 1980 gross national product and the people will enjoy a fairly comfortable life while the comprehensive national strength will be greatly enhanced."] This is of extremely far-reaching importance. The accomplishment of this strategic goal is vital to prolonged stability in China, to the prosperity and happiness of the people, and to the consolidation and development of the socialist system. We firmly believe that people of all nationalities throughout the nation will demonstrate a high sense of historical responsibility and a sense of urgency about our times, and actively participate in the great practice of construction and reform to bring about a better future.

Since the Third Plenary Session of the 11th CPC Central Committee, the Chinese people, under the leadership of the CPC, have upheld economic development as the center, adhered to the four cardinal principles, and persisted in reform and opening to the outside world, and thereby opened up a path for building socialism with Chinese characteristics and scored tremendous achievements in socialist modernization. We should uphold the party's basic line, lift up our spirits, unite, work hard, and continue our advance along the path of building socialism with Chinese characteristics. We will certainly achieve our goal.

In the course of the socialist modernization drive, reform, and opening to the outside world, our party has closely cooperated and shared weal and woe with patriotic personages of all democratic parties and groups, as well as nonparty patriotic personages. All of us have made important contributions from our respective posts. Upholding the system of multiparty cooperation and political consultation under the CPC's leadership, and consolidating and developing the relationship between the CPC and all democratic parties and groups—characterized by long-term coexistence, mutual supervision, utter devotion to each other, and sharing of weal and woe—are indispensable and important conditions for fulfilling the tasks specified in the "Proposals" of the CPC Central Committee, and for constantly pushing forward the great cause of building socialism with Chinese characteristics. I hope that all of us will keep up our efforts, and make concerted efforts to contribute more to national construction and reform.

At the year's beginning, we are all the more concerned about the grand cause of the motherland's reunification. We will firmly uphold the principle of "One Country, Two Systems," and strive to promote the peaceful reunification of the motherland. We pin our hopes on the Taiwan authorities, and all the more on the people on Taiwan. We ardently hope that all the people who love the motherland, including the compatriots of Hong Kong, Macao, and Taiwan, as well as overseas Chinese, will make common efforts to achieve the reunification of the motherland and revitalize the Chinese nation.

Now that the world is in a state where the new is replacing the old, the old pattern has been broken but the new pattern has not yet taken shape. People of all countries are concerned about peace and the development of humanity in the last 10 years of this century, as well as in the 21st century. The Chinese people are a peace-loving people. We will continue to implement an independent and peaceful diplomatic policy; oppose hegemonism and power politics; base ourselves on the Five Principles of Peaceful Coexistence in developing friendly relations with all countries of the world; and, together with the people of all countries, make due contributions to establishing a new international political and economic order, safeguarding world peace, and promoting mankind's progress.

I wish you and your families good health, happiness, and success in your work.

#### Wang Fang's New Year's Message to Police

OW 3112181690 Beijing XINHUA Domestic Service  
in Chinese 1143 GMT 30 Dec 90

[Text] Beijing, 30 Dec (XINHUA)—State Councillor Wang Fang today issued a New Year's message to extend his cordial greetings to public security cadres and police, armed police, and security cadres across the country and wish them a happy new year.

In the New Year message, Wang Fang said: Looking back at 1990, you comrades, under the leadership of the CPC Central Committee, State Council, and party committees and government at all levels, have firmly implemented the policy of "giving overriding importance to stability," effectively safeguarded the political situation of stability and unity, as well as sustained stability in public order, and made outstanding contributions to the deepening of economic improvement and rectification, reform, and opening up, to the security and successful execution of the Asian Games, and to ensuring that the masses are able to live and work in peace and contentment. Experience has shown once again that our police ranks are a contingent which has withstood all sorts of rigorous tests, deserves the full confidence of the party and people, and is equal to the most formidable tasks.

He said: 1991 will be the first year of our country's Eighth Five-Year Plan; the tasks facing us are formidable yet glorious. We must be worthy of the ardent expectations the party and people place in us. We must be

modest and prudent, guard against arrogance and rashness, and carry out all our work in a down-to-earth manner.

Wang Fang said: During the new year, we must implement, under the leadership of the party committees, the principle of combining professional work with the mass line in a still more conscientious manner, firmly plant in mind the idea of serving the people wholeheartedly, and perform solid services for the people. We should firmly implement the policy of equally stressing crackdowns and preventions in order to improve public order and, at the same time, get to the root of the problem. While not relaxing our efforts in rigorously and quickly cracking down on serious crimes, we should vigorously step up prevention work to ensure the prolonged rule and stability of our society.

In his New Year's message, Wang Fang urged the comrades to persistently maintain political unity with the party Central Committee, inherit and carry forward the fine tradition and work style of public security departments, display the spirit of plain living and hard struggle, be fair and honest in performing official duties, and dedicate themselves selflessly so as to build public security forces into a contingent feared by the criminals and loved by the people.

#### Editorial Views CPC Plenary Session

HK0101150091 Hong Kong TA KUNG PAO in Chinese  
31 Dec 90 p 2

[Editorial: "Take Advantage of Opportunity, Meet Challenges, Develop Economy"]

[Text] At the turn of year from 1990 to 1991, the CPC held the Seventh Plenary Session of the 13th CPC Central Committee and formulated, at the level of top party leadership, a long-term strategy for future economic development. What is impressive about this plenary session is the focus of attention on economic work and the policy of making steady progress staunchly in the original direction of development regardless of changing circumstances.

Reflecting on the changes in the world situation in the first year of the 1990's, the Chinese people feel more intensely the pressure of time. The old international political and economic structures have been destroyed but the new ones have not yet been established, which constitutes a severe challenge and, at the same time, a major opportunity. The content of the Seventh Plenary Session shows: The CPC has realized that the country is in a very critical period in the course of history and that the future of the nation and the prosperity of this country's socialist system hinges upon this period. If the opportunity is seized and the challenge taken, it will be possible to realize the goal of redoubling the national economy by the end of this century and to lay a solid foundation for China's modernization and its effort to rank among the advanced countries in the next century. If the opportunity is allowed to slip and missteps are

taken in the face of the challenge, a bigger crisis will be triggered from the sustained backwardness in China and the socialist system will be shaken in the trial of strength in reality. This will have a seriously destabilizing and unpredictable influence not only on Mainland China but also on the entire region. Some new experiences and lessons have shown that the old socialist structure has to be reformed and the reform will not be possible without a stable overall situation and incessantly created actual economic results. The Seventh Plenary Session paid full attention and faced up to the opportunity and challenge under the new circumstances.

This plenary session once again paid high tribute to the achievements scored since the Third Plenary Session of the 11th CPC Central Committee. Proposed by Deng Xiaoping 12 years ago, the CPC set the basic line of focusing on economic construction, upholding the four cardinal principles, and consistently carrying out the reform and opening up; made a scientific thesis that China is in the initial stage of socialism on the basis of an in-depth review of the past experiences; and gradually formulated a series of effective principles and policies. Despite difficulties, setbacks, and even wounds, the achievements scored in construction since the Third Plenary Session of the 11th CPC Central Committee have caught the attention of the whole world and the progress made in reforming the old structure has been more widely recognized in comparison with other countries. At the Fourth Plenary Session of the 13th CPC Central Committee held in June last year, a central leadership organ with Jiang Zemin as the general secretary, was elected and they continued to follow the line set by the Third Plenary Session of the 11th CPC Central Committee. The plenary session that has just closed affirmed the remarkable achievements in various domains in the past one and half years.

This plenary session examined, discussed, and passed the "Proposal of the CPC Central Committee For Formulating the 10-Year Plan of the National Economic and Social Development and the 'Eighth Five-Year Plan.'" This "Proposal" puts forward the objective and basic guiding principle for the period up till the end of this century, designates the key industrial projects and regional distribution in the economic development, sets the tasks and policies for developing scientific, technological, educational, and cultural causes, discusses and formulates the orientation, tasks, and measures for deepening the economic restructuring, and reiterates the need to further expand the opening up. In terms of construction, the "Proposal" emphasizes the enhancement of the overall quality of the national economy instead of going unduly for speed and quick results. In the meantime, it also puts emphasis on improving people's livelihood and developing social security, including setting targets for improving housing conditions, expanding living resources and perfecting social services, instead of seeking to expand the scope of capital construction in an unbalanced way. When this "Proposal" was being made, opinions from within and outside the party were extensively collected and the collective wisdom was drawn

upon. The content of the published proposal shows that it is based on truths and facts and caters to the national conditions and the public aspirations. It demonstrates sober awareness of the existing difficulties and problems, and also sufficient confidence and ambitiousness to realize the grand construction goals.

The communique of the plenary session puts forward five "steadfastnesses." It declares that China will: continue to follow the road of constructing socialism with Chinese characteristics; push forward the reform and opening up; implement the principle of maintaining a sustained, steady, and coordinated development of the national economy; implement the principle of self-reliance, hard life and assiduous struggle, and building up the country through thrift and hard work; implement the policy of paying equal attention to the building of material civilization and that of spiritual civilization. The proposal also makes it clear that it is necessary to actively step up political restructuring and strive to build a socialist democracy with Chinese characteristics while deepening the economic restructuring. This shows that the basic principles will remain unchanged for a long time to come, which boosts people's confidence.

This plenary session calls on the whole party and the entire nation, including the compatriots in Hong Kong, Macao, Taiwan, and other countries, to actively join in the great cause of vitalizing China and promoting the reunification of the motherland. According to the Sino-British and Sino-Portuguese joint declarations, it has been agreed upon that the sovereignty of Hong Kong and Macao will return to the motherland before the end of this century. Not long ago, the CPC held a national work conference for Taiwan affairs. It will make greater efforts toward the realization of the peaceful reunification of the mainland and Taiwan in the 1990's.

The steady development of mainland's economy is beneficial to Hong Kong, Macao, and Taiwan. The rapid economic revival in the mainland in the past few months has been to give the industrialists and businessmen in Hong Kong an optimistic touch to the economic outlook for the coming year. The principle of maintaining a sustained, steady, and coordinated development prescribed at the seventh plenary session will later be rendered by the State Council into a concrete draft outline of the 10-year plan and the "Eighth Five-Year Plan." It will then be submitted to the National People's Congress for examination and approval in the spring of next year and go into implementation. This will bring more favorable factors to Hong Kong's economy.

#### **Discipline Inspection Commission Issues Communique**

*OW3112173190 Beijing XINHUA Domestic Service  
in Chinese 1007 GMT 31 Dec 90*

[Text] Beijing, 31 Dec (XINHUA)—Communique of the Seventh Plenary Session of the Central Discipline Inspection Commission of the Communist Party of China [CPC], adopted on 30 December 1990:

The Central Discipline Inspection Commission of the Communist Party of China [CPC] held its Seventh Plenary Session in Beijing on 30 December 1990.

Sixty-six members of the CPC Central Discipline Inspection Commission attended the plenary session. The central topic for discussion at the meeting was how to study and implement the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee, further improve the discipline inspection work, and earnestly ensure the comprehensive accomplishment of the objectives and tasks of China's modernization program in next 10 years.

The meeting was presided over by Qiao Shi, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and secretary of the Central Discipline Inspection Commission.

The plenary session unanimously supported the "Proposals of the CPC Central Committee for Drawing Up the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development," adopted at the Seventh Plenary Session of the 13th CPC Central Committee. The plenary session believed that the "proposals" have taken into account the supreme interests of people of all nationalities across the country, and seriously summed up practical experiences gained since the Third Plenary Session of the 11th CPC Central Committee. On the basis of scientifically analyzing the international and domestic situation, the "proposals" have realistically put forward the basic tasks, principles, and policies of China's national economic and social development in the next 10 years and in the Eighth Five-year Plan period, further clarified the second-stage strategic objectives, and clearly pointed out the orientation for China's socialist modernization program in this century. It is a programmatic document to guide us in continuing to push forward our cause of building socialism with Chinese characteristics. Formulating and implementing the 10-Year Program and the Eighth Five-Year Plan is an important task for the whole party and people of all nationalities across the country. It has a direct bearing on China's economic development and social progress; it also concerns the success and failure of the socialist system and the destiny of the Chinese nation. Party organizations at all levels and all members of the Communist Party must have a clear understanding of the current situation, enhance vigor, and take concerted actions with one heart and one mind to resolutely ensure the implementation of the objectives of struggle and the principles and policies put forward by the Central Committee.

The plenary session held that in the 1980's, the party's discipline inspectors worked under the leadership of the party committees at various levels, seriously implemented the line, principles, and policies laid down since the Third Plenary Session of the 11th CPC Central Committee, did a great deal of work in enforcing party discipline, improving the party style, and ensuring the implementation of the party's basic line, and made

remarkable achievements. In order to attain the second-stage strategic objectives of the modernization program in the next decade, the party's discipline inspection work will have new, more arduous tasks. We must continue to persist in the guiding principle that discipline inspection work serves the party's basic line, firmly take the road of building socialism with Chinese characteristics, and promote reform and opening to the outside world. We must persistently uphold the principles of striving for a sustained, stable, and coordinated economic development, building up the country through thrift and hard work in self reliance, and building both material civilization and spiritual civilization simultaneously. We must seriously fulfill the tasks assigned us by the party Constitution, perform the functions of discipline inspection organs, and make new contributions to making the party's cause thrive further and bringing about a greater prosperity of the country.

The plenary session called on discipline inspection organs at all levels and the broad masses of discipline inspection cadres to actively respond to the party Central Committee's appeal; to earnestly study and implement the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee; to unify thinking; and to further raise their consciousness of implementing the party's basic line. It also called for adherence to the four cardinal principles, opposition to bourgeois liberalization, and strict observance of the party's political discipline to ensure a high level of ideological and political unification in the entire party. Efforts were also urged to uphold the policies of reform and opening; to go to the front lines of economic construction in order to understand and realize the situation there; to enthusiastically support and protect the policies of reform and opening; and to develop discipline inspection work into an important force for promoting reform and opening. The plenary session further called for adhering to the principle of running the party strictly; resolutely fighting corruption; and investigating and harshly dealing with discipline violations and illegal acts, such as failure to enforce decrees, disregard for prohibitions, corruption, theft, bribery, extortion, breaches of financial and economic discipline, serious bureaucratism, and misuse of power to seek personal gain. It also called for enforcing strict discipline; protecting national and social stability; working hard to create a fine environment for economic construction, reform, and opening; intensifying efforts to promote fine party conduct, strict party discipline, and clean government; continuing to implement well the "decision" of the Sixth Plenary Session of the 13th CPC Central Committee; completely trusting and relying on the people; strengthening the party's internal supervision; coordinating with relevant departments in solving problems that have aroused strong public reactions in a down-to-earth and effective manner; carrying forward the party's fine tradition and style; and enhancing the party's cohesive force and fighting capability. Efforts were urged to unrelentingly carry out education on party conduct and discipline; to organize the broad masses of party members and cadres to seriously study and master

the various regulations on party conduct and discipline; to improve the sense of discipline and the ability to fight corruption of the broad masses of party members; to adapt to the new situation and new tasks by effectively strengthening the organizational structure of discipline inspection organs and by raising the overall level of discipline inspection work; and to take effective measures to ensure implementation of the party's line and various principles and policies.

The plenary session elected by secret ballot Wang Deying and Chen Dazhi respectively as deputy secretary and Standing Committee member of the CPC Central Committee's Commission for Discipline Inspection.

### **Yang Shangkun Interviewed on Hong Kong, Plans**

*HK0101091091 Hong Kong WEN WEI PO in Chinese  
1 Jan 91 p 2*

[“Yang Shangkun Speaks Glowingly of Hong Kong's Future in Interview With TZU CHING Magazine”]

[Text] President Yang Shangkun agreed to an interview by a special correspondent of TZU CHING Magazine in Beijing on 20 December where he aired important views on the questions of Hong Kong's return to China's sovereignty, reunification of the motherland, and domestic politics during the Eighth Five Year Plan period. The text of the interview is as follows:

**Question: As the Year of the Ram approaches, what are your wishes for the compatriots of Hong Kong?**

**Answer:** I sincerely wish the Hong Kong compatriots a Happy New Year, happiness in the family, and all the best in the world. To cite an auspicious saying: May fortune smile on you.

**Question: How would you comment on the future of Hong Kong after 1997?**

**Answer:** The return of Hong Kong to the motherland is a major event for celebration for our Chinese nation in this century. The smooth return of Hong Kong to the sovereignty of China and the maintenance of its stability and prosperity depend on the joint effort of all sides concerned, and, in the final analysis, on the efforts of the 6 million Hong Kong compatriots.

Six years from now, Hong Kong, as a special administrative region and a free port of the People's Republic of China, will continue to maintain its previous capitalist system and way of life. This has been confirmed in the form of the “Basic Law.” The return of Hong Kong to China's sovereignty will benefit both the Chinese mainland and Hong Kong, but the foremost beneficiary will be Hong Kong. The vast market, rich resources and solid industrial and agriculture foundation of the Chinese mainland will provide unprecedentedly favorable conditions for Hong Kong's prosperity and growth. Mutual

supplementation, mutual promotion and common prosperity of the mainland and Hong Kong will undoubtedly enhance the strength of the Chinese nation in a highly competitive world today.

**Question:** While the Hong Kong people support the "Basic Law," they are concerned that changes might occur one day. What is your view about this?

**Answer:** The key at the moment is to further stabilize the minds of the people. This requires a great amount of work, an important part of which is to do a good job of publicizing and explaining the "Basic Law." The Chinese Government keeps its words. The implementation of the "Basic Law" and the smooth return of Hong Kong to the motherland will be a great success of the "one country, two systems" concept put forward by Comrade Deng Xiaoping. In this regard, whatever the difficulties or disturbances, on no account will the CPC and the Chinese Government change its stand, let alone move backward.

**Question:** The British Government recently underwent personnel changes. What is your view of the future development of Sino-British relations?

**Answer:** I hope and believe that the new cabinet of the British Government will do still more to maintain the stability and prosperity of Hong Kong and promote the smooth return of Hong Kong to Chinese sovereignty.

**Question:** You are very concerned with the peaceful reunification of the two sides across the Strait. Recently, the Taiwan authorities indicated that it would eventually negotiate with Beijing and has set up a body and an organization to deal with relations and exchanges across the Strait. Please comment on this move.

**Answer:** We welcome this move by the Taiwan authorities. In my meeting with friends from Taiwan's CHUNG KUO SHIH PAO not long ago, I already outlined our stand and attitude in favor of the reunification of the motherland as soon as possible. We hope for an early reunification of the two sides across the Strait and we are genuinely sincere about holding a peaceful negotiation for reunification. As long as the premise is that of one China, anything may be discussed and talks should be held as early as possible. We propose that the two parties sit down as soon as possible for unconditional contacts and talks. Talks may start from low level topics, gradually rising to culminate in formal negotiations; an agreement in principle on the question of reunification may be reached. Talks may also be conducted on the major issues in the relations of the two sides across the Strait. We place our hope on the Taiwan authorities as well as on the people of Taiwan. The most important thing right now is to step up communications. The goal of the "establishment of transport, trade, and postal relations" is to gradually eliminate mutual antagonism and build up common understanding and mutual trust. We hope that the newly-established body or organization will strive for the realization of the "three communications." We are willing to have contacts with any organization or

individual in Taiwan as long as it would genuinely boost the development of relations across the Strait, promote mutual exchanges and realize the "three communications." In short, we hope for an early realization of the country's reunification.

**Question:** 1991 is the first year in the implementation of the "Eighth Five Year Plan." People overseas believe that the Chinese Government's policy of reforms and opening up could suffer a reversal. What is your view on this? How do you see the development of China's politics and economy in the 1990s?

**Answer:** I can tell the compatriots of Hong Kong that under the leadership of the party Central Committee with Comrade Jiang Zemin as core, the political situation in the country is stable. Confronted by the changes in the international situation, our country has been able to maintain stability for a very important reason: We have the correct line affirmed since the Third Plenary Session of the 11th CPC Central Committee and the fruits of a decade of reforms and opening up. Therefore, be it during the "Eighth Five Year Plan" period or in the next 10 years, we will steadfastly implement the line, directives and policies since the Third Plenary Session of the 11th CPC Central Committee, including the line, directives and policies outlined in the 12th and 13th CPC National Congresses. Our banner is to build socialism with Chinese characteristics. The outside world claims that China's policy of reforms and opening up will be recalled or changed; this speculation is without basis. In the next five, 10 years, the reform of the economy will be carried out with more vigor and the pace for opening up to the outside world in greater stride. At the same time, the reform of our political structure will continue to be boosted while socialist democracy will be further developed.

In the 1990s, China for the first time in nearly a century is confronted by a rare historic opportunity. We will unwaveringly persist in the path of our own choice. In 1990, our country enjoyed a bumper harvest in agriculture, and the entire economy is stable. With regard to the difficulties in the domestic economy, we overcame them by relying and mobilizing the initiative of the great mass of people. We are fully confident that China's economy will grow smoothly in the 1990s and that the objective of a Gross National Product that is quadrupled that of 1980 based on constant prices by the end of the century will be attained. A prosperous and strong People's Republic of China will definitely stand tall in the East.

#### **More on Li's National Planning Meeting Speech**

*HK0101093091 Beijing XINHUA Domestic Service  
in Chinese 2106 GMT 31 Dec 90*

[Speech by Li Peng at the concluding session of the National Planning Conference on 1 December 1990: "Make Great Efforts To Adjust the Economic Structure and Improve Enterprises' Economic Results—originally carried in QIUSHI No. 1, 1991]

[Text] Beijing, 1 Jan (XINHUA)—The national planning meeting will conclude today. Now, I would like to present some opinions on the plan's arrangements and economic work in 1991, and I will discuss 10 issues.

First, how to view the present economic situation.

To correctly analyze the present economic situation, we should first fully affirm the great achievements of reform and opening up in the past 10 years. In the whole decade of the 1980's after the Third Plenary Session of the 11th CPC Central Committee, our country created a new situation in building socialism with Chinese characteristics on a full scale. Production in society grew by wide margins; the comprehensive national strength increased markedly; the scientific, technological, educational, and cultural undertakings developed rapidly; and the people's livelihood improved obviously. This was the mainstream in our country's social and economic development in the last decade. In the course of advances, there also appeared some problems, which were mainly reflected in the fact that the overheated economic activities in a certain period and the growth in investment and consumption which exceeded the capacity of the national strength caused serious inflation and affected the economy's stable development. This was a lesson that should seriously be borne in mind in our future work.

In the past two years, economic improvement and rectification have achieved marked results, and the economic situation as a whole has been developing in a favorable direction. This is mainly reflected in the following facts: Inflation has been curbed; the margin of rise in the price index has become much smaller; good harvests have been reaped in agricultural production for two consecutive years; industrial production has been going up again month after month (the industrial growth speed in November this year was 15 percent higher than that in the same period of last year, and production in the industrial enterprises owned by the whole people, which dropped by a wide margin, also increased by nine percent); exports have been increasing continuously; the state's foreign exchange cash reserve has increased; and the chaotic condition of the economic order has been basically rectified. Facts prove that the principle for economic improvement and rectification and in-depth reform laid down by the central leadership is completely correct, and that the series of policies and measures adopted by the State Council for consistently controlling the gross quantity, adjusting the intensity of retrenchment, and adjusting the structure are timely and successful. As things in all parts of the world show, measures for curbing inflation, tightening money supply, and constraining demand will inevitably lead to slowdown in the development of production and even recession in certain fields. It is hard to completely avoid such things in all countries. This time, when our country curbed inflation, the period of marking too low a growth speed in industrial production was not too long, and it lasted merely about six months from the last quarter of 1989 to the first quarter of 1990. Over a period of two years, we

have not only effectively curbed the galloping inflation, but have also maintained the growing tendency of the economy. This is not an easy job. It is the result of the joint efforts made by various localities, departments, and the entire people of all nationalities throughout the country.

At the same time, we should also note that the task of economic improvement and rectification has not yet been fulfilled, and the remaining task is still rather arduous. The Fifth Plenary Session of the 13th CPC Central Committee laid down six objectives for economic improvement and rectification. They are: Gradually lowering the inflation rate; changing the situation in which currency is issued excessively; endeavoring to realize the balance between state revenue and expenditure; maintaining an appropriate economic growth rate on the basis of enhancing economic results; improving the current unreasonable industrial structure; and gradually setting up an overall control system. The plenum demanded that the task of economic improvement and rectification be fulfilled in three years or a longer period of time. According to the current situation, marked progress has been made in some aspects, but no substantial progress has been made yet in other aspects, and a start has just been made in some other aspects as compared with the requirements of the six objectives. Therefore, our effort for economic improvement and rectification must not be relaxed; instead, we must continue to exert ourselves in order to do a better job and achieve greater results.

The main problems in the current economic life are mainly the following points:

1. There is unevenness in the recovery of market sales and that of industrial production. As far as things in the whole country are concerned, recovery in some localities is rather quick and obvious; but low-speed growth remains in other localities, and some other localities have not even moved out the nadir. There are also disparities between different industries and trades. Such an uneven situation can be attributed to many reasons. Objectively speaking, this is related to the industrial structures, economic foundation, and economic strength in various localities. It must also be noted, however, that this is also related to the mental conditions and work methods of the cadres. When facing difficulties, some people may just grumble against heaven and lay the blame on other people without making any effort to do something positive, but other people may boost their spirits and lead the masses to actively overcome the difficulties. Some people may just wait for the improvement of the external conditions, but other people may actively tap their own potential in order to make continuous advances. Two different mentalities and two different work methods will achieve quite different results in their work.

2. Although certain results have been achieved in the structural adjustment, progress in this respect remains rather slow. Regarding the industrial structure, through

strengthening agriculture and basic industries and controlling ordinary processing industries in the last two years, the serious disproportionate condition between agriculture and industry and between basic industry and processing industries several years ago has been changed somewhat. The task of readjusting the industrial structure is still rather arduous and still requires unremitting efforts over a long time. It is easier to achieve positive results in the adjustment of the product structure, but further efforts are still needed in this aspect. At present, many products are still not readily marketable and are still heavily stockpiled, but they are still being produced by the enterprises concerned. This state of affairs must be changed. Regarding the enterprise organizational structure, some enterprises which consume energy and raw materials but produce inferior and unmarketable products should be reorganized through closedown, production suspension, merger, or shifting lines of production. Furthermore, no fundamental change has yet been made regarding the similarity of regional economic structures and the duplication of production and construction.

3. The enterprise economic results have generally been declining, and they have incurred greater business losses or have encountered financial difficulties. From January to October this year, the comparable costs of products turned out by state-owned industrial enterprises within the state budget increased by six percent, and the profits they made and the taxes they paid declined by 20 percent. The total amount of business losses and the number of enterprises running in the red both increased. Under these circumstances, the financial revenues of the government were lower than the planned target, while the expenditures increased more than expected. This aggravated the financial difficulties. More concrete and profound analysis is necessary in order to find out the reasons for the decline in the enterprise economic results. In some cases, the problem was caused by the contraction of the capital construction scale or the difficulties in the sale of products, and this is the case in the industries of mechanical and electrical products and building materials. In some cases, the problem was caused by the unreasonable structure which made the products unmarketable and heavily stockpiled because of the inferior quality and high prices. In other cases, the problem was caused by the price increase of the raw materials and elementary products, the wage increases, or other factors that increased expenditure or reduced income. At present, enterprises, especially large and medium-sized enterprises, are indeed facing many difficulties in their operation. We should also note that while facing the same difficulties, performances varied greatly because of the differences in enterprise management. Many enterprises regarded the economic adjustment as an opportunity for promoting technical transformation, reinforcing enterprise management, developing new products, and lowering the consumption of energy and raw materials. Therefore, they can produce goods low in price and good in quality, which sell well on the market.

Thus, they can also increase the momentum of development for the future. This shows that human effort is a decisive factor. If people can press forward in the face of difficulties and turn the pressure into the motive force, then things will differ greatly.

In general, the main task in the previous stage of economic improvement and rectification was to contract the inflated social demand, remove the overheated economic conditions, and curb inflation. In this respect, we have basically attained the set requirements. Of course, the results have yet to be further consolidated. In the next stage, under the premise of continuously maintaining and improving gross quantitative control, we should stress adjusting the structure and enhancing the economic results, especially the enhancement of enterprise economic results, in order to gradually bring the national economy onto the path of sustained, stable, and harmonious development.

Second, the main guiding principles for the economic work in 1991.

In the past year, the party central leadership and the State Council devoted great energy to organizing the research and formulation of the 10-Year Program and the Eighth Five-Year Plan. The basic outlines of the 10-Year Program and the Eighth Five-Year Plan have yet to be submitted to the forthcoming plenary session of the Central Committee for discussion. Here, I just mainly talk about the requirements in the three aspects which are closely related to the plan arrangements and the economic work in 1991.

1. In the next 10 years, we will achieve the second-step strategic objective in the process of our socialist modernization construction. The general requirement is: Under the premises of raising the economic quality and the economic results and relying on scientific and technological progress, we shall keep the average annual GNP growth rate around the level of six percent. Of course, we may raise the growth rate to a higher level in some years and draw it to a slightly lower level; and the growth rate in some localities may stand at a comparatively higher level and that in other localities may stand at a lower level. Anyhow, we must maintain the national economy's sustained, stable, and harmonious development and avoid any fierce ups and downs in our economy.

2. We shall continue to carry out the principle and policy of reform and opening up, and shall continue to perfect it and make it more effective. The main orientation is to effectively integrate the planned economy with market regulation in light of the requirements in the development of the socialist planned commodity economy so that the advantages and strong points of the two can be brought into full play. The planned economy can ensure the rationality in the distribution of resources and can prevent duplicated construction and the serious degree of unfairness in the distribution of wealth in society. The market's regulatory role can lead to the unfolding of

business competition, can arouse the initiative of all quarters, and can promote technological progress. Now the question is not whether the planned economy should or should not be integrated with market regulation. What we need to study and explore is in what forms they can be properly integrated. It is also necessary to further expand foreign economic and technical exchanges and cooperation according to the principle of equality and mutual benefit, actively make use of foreign funds, and introduce advanced technology and management experience in order to promote our domestic economic development.

3. We shall consistently place science-technology and education in a prominent position, shall continue to strengthen agriculture, the energy industry, communications, and the basic industries that supply key raw materials, and shall continue to attach importance to the construction of infrastructural facilities. This will lay a more solid foundation for the long-term development of the national economy and ensure that the momentum of development can be maintained in the next 10 years and be extended into the next century.

The above three points are also the major principles for next year's economic planning. In 1991, our economic work needs to properly handle the relationship between improvement-rectification and the execution of the Eighth Five-Year Plan. When arranging the work, we should stress economic improvement and rectification while starting to execute the Eighth Five-Year Plan. So we can say that in 1991, we shall seek development through economic improvement and rectification. In the future, after the tasks of improvement and rectification are basically fulfilled, we shall shift stress to development and at the same time, continue to fulfill the remaining tasks of improvement and rectification which require consistent effort over a longer time. Then, we shall continue to improve the economic environment and rectify the economic order through development. There will be quite a few favorable conditions for next year's economic development. This year's good harvests in agriculture and recovery in industrial production, especially the steady increase in the production of energy and raw materials, have laid a good material foundation for next year's work. In addition, the policies and measures adopted in 1990 for adjusting the intensity of retrenchment and adjusting the structure will gradually achieve positive results and continue to produce positive effects in 1991. Of course, there will also be some unfavorable factors, and they are mainly as follows: The market sale will continue to be slack in some fields, and the economic circulation will not be smooth enough. Agriculture will continue to be at the mercy of weather conditions to a large extent, so we can only hope that next year will be an average year in spite of the two consecutive years of good harvests. After consideration being given to various favorable and unfavorable factors, the target of the GNP growth rate in the 1990 plan is set to the level of 4.5 percent, with agriculture increasing by 3.5 percent and industry increasing by six percent. Such

plan arrangements are positive and reliable, and there is also certain leeway. Various localities should properly make their own plan arrangements in light of their own conditions. Some may set a planned target higher than the national one, and others may set a lower target.

In view of the problems existing in our economy at present and the requirements of furthering economic improvement and rectification, we should maintain an appropriate degree of economic growth next year and should pay more attention to, and make greater effort to, adjusting the economic structure and enhancing the economic results. In the last two years, various localities have acquired a lot of successful and useful experience in structural adjustments. Aside from adjusting the industrial structure, the product structure, and the enterprise organizational structure, we also need to adjust the technological structure and the regional economic structure. Next year, we should strive to make solid progress in structural adjustments. In particular, we must make painstaking and enormous efforts to enhance enterprise economic results. This is a key link we must tightly grasp in order to overcome the present economic difficulties and to pave the way for long-term development in the future. The State Council has decided to unfold the activities of a "quality, variety, and economic result year" throughout the country in 1991. All localities and departments will be required to put forth their explicit targets and requirements, and work out feasible and effective measures for dynamically and solidly advancing the work in this respect in order to achieve marked results.

Third, on the scale of investment in fixed assets and the reinforcement of key construction.

The 1991 plan arrangements stipulate that the investment in fixed assets made by all quarters of society will increase by a certain margin. Most participants in this meeting have given their assent to this point, but some people held different opinions. Some of them said that the investment scale is too large, and other said that it is not large enough. In view of the need to further set the market in motion and broaden the market and the need to continue to exercise gross quantitative control next year, such arrangements are appropriate in general.

The investment scale arranged by the present plan for 1991 will increase by over 10 percent above that in 1990. The growth margin is not a small one, as it exceeds the planned growth rate of the gross national product. If the factor of price increase is deducted, however, the actual quantity of work input will still be lower than the 1988 level. At the same time, the makeup of the gross scale should still be concretely analyzed. The investment in capital construction made by units owned by the whole people will increase by less than 10 percent over 1990, and the investment made by enterprises owned by collectives and individuals or by other quarters will increase by more than 10 percent. The fulfillment of the second part of investment will eventually depend on the fund-raising capacity of those would-be investors, and the

banks will not issue additional currency to support construction in this sector. At present, a large stock of such building materials as ordinary steel products, cement, and glass panes is still being kept, and the construction capacity has not been fully tapped. A certain degree of increase in capital investment will be favorable to the work of setting in motion the market for capital goods. At the same time, through strengthening the state's industrial policy guidance and adopting such measures as strictly controlling the start of new projects, we can still prevent the scale of construction from going out of control and prevent the appearance of duplicated construction. Of course, the economic life is complicated. If it is found that the investment scale has indeed grown too large in the execution of the plan, the state will adopt measures in good time to make minor adjustments and to control the basic gross quantitative balance. According to our experience, such minor adjustments will not cause serious shocks and will be rather effective.

It must be pointed out that the increase margin of the investment scale arranged in the plan for 1991 is not a small one, and it cannot be enlarged any more. We must carefully prevent the reappearance of an overheated condition in capital construction and the excessive swell of the construction scale beyond the capacity of our national strength. At present, too many projects are being planned by various quarters, and their requirements cannot all be satisfied. Various localities and departments may start fewer projects if they do not have sufficient funds to fulfill the investment quotas assigned to them, but they can never exceed the credit and investment quotas assigned to them by the state and must not force the banks to increase loans. They are not allowed to raise more funds than the quotas in various disguised forms or use funds earmarked for other purposes to finance capital construction.

Under the premise of controlling the gross investment scale in 1991, we should continue to rationalize the investment structure by stressing key construction and key technical transformation projects. Investment should be appropriately biased for the projects in agriculture, energy, transport, and communications. In the field of agriculture, the state investment will mainly be used for the key projects of reinforcing the embankments along the Chang Jiang, the Huang He, and the Huai He and constructing key flood storage areas; and be used to build the state's commodity grain and cotton bases. In the field of coal production, mines under the state's direct control should make use of the current period when the coal supply temporarily exceeds demand to increase drifting and tunnelling in order to change the disproportion between the tunnelling speed and the coal cutting speed in some mines. Small and medium-sized mines should also use this opportunity to step up their technical transformation and raise the degree of mechanization and production safety. In the field of electric power, we should ensure the fulfillment of the planned target for the new generating capacity. In the field of crude oil, we should try by every possible means to

stabilize the oil output in the east, increase reserve deposits, and raise the rate of extraction. The development of oil fields in the west is the orientation of development. At present, we should mainly strengthen prospecting and increase the quantity of discovered oil deposits. In the field of railway construction, stress will be laid on the construction of railways in Shanxi and Inner Mongolia for transporting coal to other provinces, and on the follow-up projects and backup projects for increasing the capacity of the busy trunk lines. Technical transformation in the hubs of railway networks should be strengthened in order to raise the railway flow capacity. In the field of communications, when developing the microwave communications facilities, we shall also make greater effort to develop optical-fiber communications and satellite communications. In the field of petrochemical industry, stress will be laid on the development of ethylene production, and the intensive processing and utilization of crude oil will be improved. In light of the needs in the development of the national economy, ethylene production should be developed more rapidly. Various localities are now trying to develop their own projects for producing ethylene. If such reckless and blind development is allowed to continue, the consequences will be serious. The state should coordinate the outlay of ethylene projects in light of the availability of crude oil and funds in all parts of the country in order to achieve better economic results and to more reasonably distribute the resources. In the field of ferrous and nonferrous metal, efforts should be made to enrich product variety and improve product quality next year; the follow-up projects and the construction of mines should be properly arranged. In the field of key construction, priority should be given to projects under construction and backup projects which have a major bearing on the national economy and which are expected to achieve good economic results or to be put into operation in the near future. The start of new projects should be brought under strict control. When construction projects are arranged, consideration should be given to all such variable factors as price, interest rate, and exchange rate, as well as the need of working funds after the projects are put into operation. No gap should be left in arranging the investment. Fewer projects can be started, but the construction period for a project must be reasonably arranged if it is started in order to ensure the investment results. This is an important guiding principle. In the past, we used to leave investment gaps when arranging projects, and tended to raise sufficient funds after a project was started. As a result, many projects were still suspended halfway and could not be completed over a long period. This was a major reason for the poor investment results. Henceforth, we must be determined to change this state of affairs. As we shall enlarge the construction scale next year, many units will require that their suspended guesthouse, amenity, office, and meeting hall projects be resumed. It must be stressed here that next year, we shall continue to restrain and control the construction of such buildings, and there will be no relaxation in this respect. Localities with the necessary conditions may increase the construction of

housing and backup facilities in connection with the urban housing reform by raising funds from the state, enterprises, and individuals.

Fourth, to continue to strengthen and develop agriculture.

The rural economic situation is very good this year. Apart from a bumper harvest of grain, there have also been considerably great increases in the production of cotton, oil crops, and other major agricultural and sideline products. This plays an important part in promoting stability in rural areas, as well as in the national situation. The first reason for the bumper harvest over the past two years is that both the central and local authorities have adopted measures to strengthen agriculture and further mobilize the peasants' enthusiasm. At the same time, it owed a great deal to the good weather in the past years. We must realize that China's agricultural base is still rather weak. It has comparatively low ability in resisting natural calamities. As the comprehensive agricultural production ability has not been increased rapidly, once there are serious natural calamities, the output will drop. Therefore, we must make continuous efforts to strengthen leadership over agriculture. In the past, we often slackened our efforts after a bumper harvest. We must learn from this lesson and always put agricultural development in the first place of our economic work.

It is necessary to further mobilize the peasants' enthusiasm in production, especially the enthusiasm of the grain production areas and the peasants engaging in grain production. This year, as a bumper harvest has been reaped, difficulties have arisen in quite a few areas for grain selling. The State Council has decided to establish a special reserve system at the national level and the provincial, regional, and municipal level so that the peasants' surplus grain can be procured at the protection price. This work is of great significance. First, the peasants' interests can be protected; second, the state can have more materials reserved; third, the peasants' income can be increased and the market enlivened; and fourth, grain import can be appropriately reduced so that foreign exchange can be used for more urgent needs. According to the opinions of some areas, due to the drop in grain price, the peasants' income has not been increased though output has. The main reason is that as the per-unit yield has increased, the per-unit cost has dropped. In addition, the output of economic crops and the income of township and town enterprises have increased. Judging from the overall situation of the country, the peasants' income has also increased this year. Of course, the situation varies from place to place. The peasants' income may have greatly increased in some places but slightly increased in some others, while in some areas, it may have dropped. Some comrades proposed that the grain purchase and marketing system and price system should be further reformed, especially, since it is necessary to firmly grasp the solution to the problem that the more the major grain production areas increase their output, the more their grain is transferred to other areas and the greater their losses are. This is a

good proposal. But as this is a big problem concerning the overall situation, it should be considered carefully so that policy decisions can be made prudently and the work can be carried out steadily.

Generally speaking, in order to develop agriculture, we must first, rely on policy, second, rely on science and technology, and third, rely on input. The system of contracted responsibilities on the household basis with payment linked to output is suitable for most areas in light of the level of their development of productive forces. It is supported by the vast numbers of peasants and should be kept stable for a considerably long period of time. On this point, most people are of the same view. In the future, in the work of deepening rural reforms, our stress should be laid on actively developing the system of socialized service and perfecting and improving the two-level operation system. Attention should be paid to enhancing the strength of the collective economy. This is not only of important economic significance, but also it will play an important role in consolidating the political power in rural areas. In developing the collective economy, we should not repeat the practices such as "egalitarianism and indiscriminate transfer of resources" and "(gui da dui) [2981 1129 1018]." Both the state and the bank should support and assist this development.

Both the central and the local authorities must continue to increase input in agriculture and further improve agricultural production conditions. Next year, under the difficult financial situation, the state will still increase its investment in agriculture, the bank will increase its agricultural loans, and various local governments will also do their best to increase agricultural input. Of course, the main body of agricultural input is still the peasants. It is necessary to encourage and guide them to increase agricultural input and labor accumulation. Water conservancy is the lifeline of agriculture. It is necessary to strengthen the work of harnessing rivers and building water conservancy works. China is a country frequently afflicted by natural calamities. There are natural calamities in our country every year, though in varying degrees. Of flood, drought, wind, and hailstones, drought is the most dangerous to our country. In building water conservancy projects, the main things to do are to increase the areas of irrigated or partly irrigated land and to build terraced fields and harness small drainage areas. This is the main channel to increasing the per-mu output. In those places where there is insufficient water resources, it is necessary to develop water-saving agriculture and popularize the experience of high-yield dry crops.

It is necessary to continue to grasp well the work of promoting agriculture with science and technology. In China, as the per capita possession of cultivated land is comparatively smaller, in order to develop agriculture, we must mainly rely on the effort to increase the per-unit output. We must work hard to increase the multiple crop index and actively popularize improved varieties of

crops, as well as advanced farming methods and cultivation techniques. Attention should be paid to applying fertilizer in a scientific way so that a rational proportion of nitrogenous, phosphate, and potash fertilizer can be maintained. It is also necessary to encourage the use of more farmyard manure.

There are close relations between developing agriculture and helping the poor areas to shake off poverty and get rich. In China, most old liberated areas, areas inhabited by minority nationality people, and remote and border areas are poor areas. Over the past decade, great achievements have been made in the work of assisting the poor. Many poor areas have solved their food and clothing problems. This does not mean that they have shaken off poverty or have become rich. It is necessary to make unremitting efforts to grasp this work. An important experience is that the work should be changed from the type of giving relief to the type of helping development. According to this experience, some guiding production items will be selected and promoted in light of the local conditions and resources so that they can be developed faster. This is an important experience. We must encourage the economically developed areas to support the economic development of poor areas with their financial, material, and technological forces. Now it is the time for us to make this proposal.

Fifth, on the question of deepening enterprise reform and increasing economic returns.

Enterprises are the cells of the national economy. It is necessary to grasp enterprise reforms, invigorate the enterprises, and perfect their self-development, self-transformation, and self-conditioning mechanisms. This is a matter concerning the deepening of the overall reform and the stability and development of the economic situation as a whole. Especially, the question of enhancing the vitality of large and medium state enterprises, which form an important pillar of the socialist modernization drive and are the main sources of state revenues and which have comparatively heavier loads and greater difficulties, is a central task for deepening reform of the economic structure. Starting from next year, we must concentrate our main strength, carry out conscientious investigation and study, and adopt resolute and powerful measures to improve the external environment and strengthen internal management so that we can make substantial headway in the effort to further enliven large and medium enterprises.

In 1991, the main task for enterprise reform is to adhere to and perfect the contracted management responsibility system. Judging from the current situation, the contract system conforms to the actual situation of the great majority of enterprises. Therefore, we must ensure the stability of policy and appropriately perfect it. An important thing is to correctly handle the relations between the state, the collective, and the individual and the relations between accumulation and consumption. More funds owned by the enterprises should be used in technological transformation so that the enterprises can be further

developed. The purpose of practicing the methods of "separate flow of tax and profit, after-tax repayment of loans, and after-tax contract" is to regularize the relations between the state and the enterprises so that conditions can be created for competition on an equal basis. This is conducive to the formation of a unified market and a need of deepening reforms. It is by no means a retrogression. The practice of unified revenue and expenditure is a retrogression, but the separate flow of tax and profit is not a retrogression but a step forward. In view of the fact that the enterprises have comparatively more difficulties in the current economic improvement and rectification, we must not be overanxious for quick results in the reform to make tax and profit flow separately. Instead, we must continue to make experiments in some selected cities, trades, and enterprises. During the period of the Eighth Five-Year Plan, most enterprises will continue to adopt the current contract method. But they must make some necessary changes to improve it. In those areas and enterprises where conditions allow, the experiment on optimizing organization of labor should be continued, and a corresponding social insurance system should be established. This represents the correct orientation of deepening reforms.

At present, some areas are practicing regional blockade in the purchase and marketing of some products and the supply of some raw materials. They are carrying out unnecessary administrative interferences in the normal production and management of enterprises. This must be corrected. It is necessary to conscientiously implement the decision of the party Central Committee and the State Council on rectifying the practices of indiscriminately apportioning tasks, indiscriminately collecting fees, and indiscriminately imposing fines and adopt effective measures to reduce the burdens of enterprises. It is also necessary to change the situation of excessive examinations and appraisals. It is necessary to gain a correct understanding and handle correctly the relations between plant directors and party secretaries. The key role of the party organizations in ideological and political work should be brought into play, but at the same time, it must be conducive to the work of the plant directors, who are making unified arrangements for the production and management of the enterprises. In this way, the "two hearts" will really be changed into "one heart." Especially, under the current situation when we are faced with both external pressure and internal difficulties, it is all the more necessary to emphasize that both the party and administrative leaders of enterprises should enhance their party spirit, take the overall situation into consideration, and establish a good work style. They should support each other and be united and cooperate with each other. Recently, when inspecting work in some areas, I visited many enterprises and had discussions with some enterprise leaders. I found that in all those well-run enterprises, the relations between the party committee secretaries and plant directors there are very good. They were doing all they could to cooperate with each other.

Organizing and developing enterprise groups is a good thing for promoting the rational flow of major production elements, achieving scale returns, and carrying out coordination among specialized departments. It is conducive to promoting the readjustment of the organizational structure and product mix of the enterprises, using the financial, material, and manpower resources appropriately and in a concentrative way, and developing major technologies, and increasing the ability of enterprises in dealing with sudden changes in the market and renewing production technologies. It is also conducive to promoting the contact between enterprises and the state and increasing the competitiveness of the enterprises in the international market. It is necessary to support and encourage the development of enterprise groups. But this work must be carried out in a planned way and under the unified leadership of the governments at various levels and relevant departments. The enterprise groups can either be closely or loosely organized. While developing all forms of enterprise groups, we must encourage the establishment of closely organized enterprise groups, which have the power to exercise regulation and control over manpower, financial, and material resources as well as production, supply, and marketing. Only thus can the due roles of the enterprise groups be brought into full play. There must be a definite division of work among the enterprises joining the group, and the economic benefits of various participating enterprises should be taken into consideration. How can we more rationally harmonize the economic benefits of various sides? The share holding system on the basis of the public ownership may be proved to be a good method in harmonizing the benefits of various sides. Experiments can be made in this respect. In the course of reform and opening up, the handling of the property right of enterprises is an important policy-related matter. On the question of how to attract foreign funds and carry out technological transformation in the state-run large and medium enterprises, the State Council has asked relevant departments to work out concrete regulations.

To invigorate enterprises, especially state-run large and medium-type ones, the state should give them the necessary support and help, and work hard to improve the external environment for them; however, it is also necessary to stress that invigorating enterprises should focus on improving the enterprise's economic results, while the enterprise should not always ask the state to decentralize power and concede interest, and must turn its attention to the enterprise itself. All enterprises must focus their efforts on grasping their product quality, varieties, and economic results. The key to improving economic results lies in grasping management on the one hand and grasping technological renovation on the other. In 1991, all trades and professions must exert great efforts to magnify all basic work, be strict with management, work hard to upgrade enterprises' managerial level. A good job must be done of reversing the situation of suffering from deficits and increasing profits. Now some enterprises are pursuing false profits with actual deficits, while indulging in issuing bonuses and pursuing

welfare; such a phenomenon must be consciously corrected. All enterprises should keep their long-term development in view and overcome short-term behavior, while pushing forward the enterprise's technological progress in a big way. At the current plenary session, many comrades have reflected that enterprises lack funds to conduct technological transformation, and required exemption of energy resource funds and raising the depreciation rates. It will be difficult to meet their requirements in 1991 because of the state's financial difficulties; however, we may increase some loans to support those urgent key projects of technological transformation. There will be no mistaking what the measure is aimed at, with probable better results. The enterprise's funds for technological transformation must be spent on improving product quality, increasing varieties' specifications, economizing material consumption and promoting product renovation. It is necessary to take an active part in spreading mature science and technological results. Large-type enterprises should have their own technological gear to augment their strength in science and technological design and work hard to research and develop new products. Small enterprises should also depend on the technological forces of large enterprises, research institutes and institutes of tertiary education to improve their own production and technological levels. All enterprises must have their own product development plan to develop new products based on market changes.

Great accomplishments have been scored in weeding out "debts involving enterprises" in 1990. The condition of being involved in new debts as soon as old ones were cleared does exist, and default on debt payments between enterprises remains serious. Now a theory of "it is justified to be in arrears with debt payment" has surfaced with payment arbitrarily kept in arrears. Economic, administrative, and legal means must be adopted to halt such unreasonable behavior.

Sixth, on price level and reform.

The general index of the retail price increase range in 1991 is rather low in the national plan. The majority of the participants of the session have approved of the index through discussions. Some comrades held that the index can be higher on the grounds that the price increase range in 1990 has been rather low, the market demand-and-supply relationship is relaxed, and now is the best time for price reform; this being the case, a bigger stride should be made in price reform in 1991. Other comrades have required a still lower index on the grounds that the actual price increase rate this year has been rather high, and it will be rather difficult for enterprises and citizens to bear the 1991 general index.

To sum up experiences in recent years, the following principles must be adhered to in price reform: First, control over the general price level must be strict and cannot be relaxed. It is necessary to consider pushing forward price reform, while taking into consideration the bearing capacities of the state, enterprises, and masses. Second, in presenting items of price readjustment, they

should not be done all at the same time, while allowing some intervals in time. And third, prior to the presentation of the items involved, the changes in the economic situation must be taken into consideration, by judging the hour and sizing up the situation with some flexibility in handling price readjustment. Some comrades believe that the price readjustment indexes left to localities are few. That can only be mended with some readjustment in implementing the 1991 plan according to the situation. Items involved in price reform by localities have more often than not direct bearings on people's livelihood, they must be kept under strict control.

From a long-range view, the orientation of price reform is that the state will control prices of a small number of key commodities and labor service, while prices for other voluminous commodities and labor services will come under market regulation. From now on, it is necessary to appropriately cut back the proportion of state pricing, while gradually enlarging the proportion of market regulation. Regarding the part of state pricing, it must fall in line with the requirements of the law of value, while taking into consideration the changes in the supply-and-demand relationship. On principle, price determination should be based on the average interest rates to create conditions for enterprises to unfold competition under equal conditions, thus preventing neither deficits nor profits resulting from unreasonable prices and consequent subsidies by the state. Some commodity prices should gradually come closer to international market prices, for example, oil and steel products. With this goal in view, our practical work must be steady; otherwise, haste makes waste. Should we make some progress every year, with efforts made in five or 10 years, the results of price reform can be considerably great. Price reform is an important component part of the entire economic restructuring, and reform's aim is to promote production development. The success of every reformative measure and step is weighed by whether it is possible to promote social stability and economic development, but not tested by the criterion, by which an economic pattern divorcing reality is achieved.

Seventh, on the financial issue.

Imbalance between revenue and expenditure will be a prominent problem in planning and arrangements for 1991. According to a forecast by the Ministry of Finance, there will be more financial deficits next year. There will be both central and local financial deficits, with central financial deficits bigger than local ones. To resolve this contradiction, there is no other alternative but to broaden the sources of income and reduce expenditure. In the first place, it is necessary to make every possible effort to develop the economy, improve economic results, and increase production and income. This is a fundamental way. Originally, a proposal was made to change the local financial contract system and exercise a tax apportioning system to raise the proportion of revenue to national income, and the proportion of central finances to the entire revenue. But taking account of the difficulties of localities and enterprises, the financial

contract system will continue to remain implemented next year and during the Seventh Five-Year Plan, whereas the tax apportioning system will be exercised on a trial basis. Expenditures from central finances for some purposes should be increased, such as for agriculture, national defense, and education. Therefore, regions with comparatively higher revenue than others should make more contributions to the state.

The gap between revenue and expenditure for 1991 should be reduced to a minimum. For this reason, major measures should be taken to increase income and reduce spending. For example, there is a need to raise the commercial retail sales tax rates. This measure was approved by the Conference of People's Representatives this year but has not been exercised because of a weak market. It will be implemented at an appropriate time next year. It is necessary to strengthen management over the collection of regulatory tax from personal income to regulate the distribution of income and alleviate the contradictions in unfair distribution. Individual and private economic sectors are indispensable supplements to the economy under public ownership. They play a positive role in enlivening the circulation channel, providing more employment opportunities, making things convenient for the people in their life, and increasing taxes for the state. The policy on individual and private economic sectors should be stabilized, but management should be strengthened over them. Effective measures should be taken to stop the current widespread practice of tax evasions. An important factor causing our financial difficulties is the increase in administrative spending; the per capita proportion is becoming bigger. To reduce financial deficits, we should make up our minds to streamline administration, reduce excess personnel, and further control groups' consumption. If this problem is not resolved, it will be difficult to alleviate central and local financial difficulties. Our finances will still remain difficult next year. Resolving financial difficulties is an important link in the entire economic work. People in all fields should continue to live a frugal life.

Eighth, on the monetary problem.

Taken as a whole, the present monetary situation is good. In 1990, there was not much increase in money circulation, and it could be controlled within the framework of the planned target, but loans increased compared with last year. There were two main reasons. The first was supporting industrial production and increasing circulative funds. Because the market was weak, industrial products were overstocked, the fund turnover was sluggish, and thus more bank capital was used. The second was the increase in state reserves, which required more use of bank capital. This year the state has increased the storage of grain, cotton, and oil. In the meantime it has also increased the storage of steel, aluminum, copper, and other strategic materials. All these required use of more funds. They were necessary to maintain economic development and stability and were worth doing. Of course, some increases in loans were not normal. This year urban and rural people's deposits have

increased by a wide margin. Therefore, although there were increases in loans, the amount of money in circulation did not increase much. Taken as a whole, the monetary situation is stable. This is an important guarantee for basic stability in commodity prices. It should be confirmed that people's banks and other professional banks have done a great deal. Now localities have much to complain about banks, saying bank loans are too rigidly controlled, particularly those for fixed assets; these loans are not issued promptly enough. In the course of economic improvement and rectification, it is necessary for banks to exercise strict control over fund allocations according to the central authorities' credit retrenchment policy. Since the beginning of this year, the degree of retrenchment has been adjusted and the scale of loans has been expanded. Banks have done their best. Everyone should understand the difficulties in bank work. Banks should also continue to improve their work, serve production and construction, and raise their work quality and service.

Banking, as an important means of state macroeconomic regulation and control, should only be strengthened and not weakened. But it should be more flexibly applied and be more in line with economic laws. Banks should be supported to engage in modernization and achieve computerization in order to flexibly allocate funds, speed up their turnover, and reduce the funds in transit. Specialized banks are also policy-related ones. They must carry out the state industrial policy and credit policy and, at the same time, should be managed according to the principle of enterprises. The banks institute a centralized, unified structure, and governments at all levels may supervise banking work and strengthen leadership over ideological and political work among them, but they should not meddle in the banks' specific business. Ours is a unified country and we should set up a unified economy and a unified market. Practicing regional blockade is tantamount to protecting the backward. Not only does it obstruct normal commodity circulation but it is also unfavorable to the economic development of the localities practicing it. Now, some provinces have voluntarily dismantled the checkpoints they set up. This is a farsighted and correct thing to do. Commodity circulation should be unified across the country, and so should the circulation of funds. We should not return to the closed state by also carving up funds. Doing so would mean out-and-out retrogression. In developed countries of the world, circulation of funds has broken away from not only domestic regional boundaries but also national boundaries. At this conference, some localities asked whether or not we should cut the credit scale into parts and assign them to branch offices of the People's Bank to be allocated by the provincial authorities in a unified way. After repeated considerations, we feel that such a practice will obstruct the nationwide allocation of funds by specialized banks and is unfavorable to macroeconomic regulation and control. As a whole, such a view is unacceptable but we may consider giving the provincial-level people's banks some regulatory and control power. We have done so this year and this has played a certain

role in regulating supply and demand and speeding up turnover of funds. We plan to improve it on the basis of summing up experience. Some comrades said that the newly-increased credit scale has been too small and suggested that it be increased slightly. Due to various factors, market sales will pick up next year, economic cycles will gradually return to normal, the reserve materials cannot substantially increase again, and the question of triangle debts will become less serious, the turnover of funds will quicken and, therefore, it is all right and also necessary that the newly-increased credits should be a little less than what they are this year. It is feasible that the volume of currency issued next year should in principle remain at this year's level and suit the scope of economic development. Maintaining the growth momentum of urban and rural savings is of great importance to supporting national construction and stabilizing finance; we should continue to vigorously advocate and encourage savings.

Now, some localities try to raise more construction funds by issuing stocks and bonds, to pool the idle funds in the hands of the masses for construction, and turn short-term funds into long-term ones. Such a practice must be carried out under certain conditions and restricted within a certain scope. Otherwise, it will turn into a practice of moving deposits, taking some funds away from the banks. This will affect the overall balance of funds and even lead to the recurrence of inflation. Therefore, all forms of fund-raising must be placed under the state's unified arrangements.

Ninth, on expanding opening to the outside world and reform of foreign trade structure.

We must continuously implement the basic national policy of opening to the outside world, vigorously use all usable favorable conditions in the world to serve our country's economy. First, we should try by every possible means to ensure the steady growth of export, and strive to fulfill the export task for next year. The focus of the work should be placed on improving export commodity structure and quality, strive to rely mainly on improvement of commodity quality to increase foreign exchange income, make great efforts to lower export commodity costs, raise contract fulfillment rate, improve foreign trade operations and management, and achieve better results. Moreover, we should maintain appropriate import and adjust import pattern. Now, the proportion of foreign exchange used to import raw materials is still rather big; with the development of raw materials production, we should gradually reduce the proportion of imported raw materials, and use more foreign exchange to introduce advanced technology. Continued efforts should be made to vigorously and appropriately use overseas capital. We should continuously strive for and use loans from overseas financial institutions and bilateral government loans, especially those extended on fairly favorable terms. We should continue to absorb direct foreign investments in numerous forms and at numerous levels and bring foreign investments in line with China's industrial policy. Attention should be paid

to integrating introduction of foreign funds with acceleration of enterprise technological transformation. Not only can we engage in joint venture or cooperative production in a factory, but we can also adopt the method of joint venture or cooperative production in a workshop or on an item to facilitate better introduction of advanced technology and managerial expertise and promote technological progress.

We should continue to implement the economic development strategy for the coastal areas and strive to develop the export-oriented economy. Practice proves that the principle and policy of opening up special economic zones and economic and technological development zones, and opening some coastal cities and regions are correct and have yielded marked results. These localities have played an important role as bases in developing China's foreign trade, introducing overseas capital and technology, and expanding cooperation and exchanges with foreign countries. Of course, the opening and development of these localities is also inseparable from the support given by all parts of the country. It is necessary to continuously implement and improve effective policies and flexible measures, run the special economic zones still better, and consolidate and develop the technological development zones, open cities, and open regions already set up, so that they can give better scope to their important role in opening up to the outside world. The future task of special economic zones is to strive to raise technological levels, introduce and develop a larger quantity of advanced and even high, new technology, further develop technology-intensive industry, and expand the export-oriented economy. Special economic zones also practice the socialist economic system and carry out the principle of integrating planned economy with market regulation, but the proportions of the market regulation, of joint ventures, and of export-oriented economy may be bigger in order to bring into better play their role as "windows for technology, management, knowledge, and open policy." Viewed from the long-term strategy of China's economic development, this year the party Central Committee and the State Council again made a policy decision on developing and opening Shanghai's Pudong New Zone. This is of great significance to bringing into full play the superiority of Shanghai and the hinterland along the Chang Jiang in terms of economic resources, science, and technology, and pushing forward and promoting economic development in these areas. In the next few years, we should concentrate our forces on running well Shanghai's Pudong development zone. Moreover, the development of Pudong is also a long-term project which should be brought into line with medium- and long-term development plans.

The 1988 reform of foreign trade structure, with contracted subsidies as the main content, has played a certain role in stimulating the development of foreign trade. But there have also been some experiences and lessons. Chief among them are: The sudden increase of many foreign trade enterprises has aggravated the chaotic business order in foreign trade, helped driving up

purchase prices, encouraged the sale of goods at a discount, so that export costs have continued to rise and the contract fulfillment rate has dropped. It is therefore imperative to deepen reform of the foreign trade structure. At a recent meeting, the Ministry of Foreign Trade, in line with the principle of helping to arouse the initiative of central and local authorities and enterprises and more effectively expanding opening up, put forward the shift from foreign trade enterprise subsidy mechanism to mechanism of being solely responsible for profits and losses and, on the basis of further lowering the exchange rates, abolish subsidies to make all kinds of foreign trade enterprises institute the management system of assuming sole responsibility for profits and losses. The reform represents a major breakthrough of the existing foreign trade structure, involving a wide range of issues. It is hoped that all localities and departments will strengthen leadership, organize meticulously, and jointly carry out the work well.

Tenth, further strengthen science and technology and education.

In the socialist modernization drive, it is necessary to take education as the foundation and rely on science and technology to invigorate the economy. This is our unswerving policy.

A fundamental issue in education is one of educating what kind of people. Further efforts should be made to rectify the guiding ideology for running schools, put moral education in the first place, conduct education on patriotism, collectivism, and socialism among students, and train people who develop in a comprehensive way—morally, intellectually, and physically—and serve socialist construction. We should further strengthen basic education, energetically develop vocational technical education, and improve the quality of employees and of all nations. The focus of higher education is to readjust structure and improve teaching quality. Continued efforts should be made to develop adult education in numerous ways and forms to enable more in-service employees to receive secondary and higher education. This is a successful experience.

Science and technology is the primary productive forces. To enable science and technology to quickly turn into productive forces, it is necessary to attach importance to the popularization and application of scientific and technological achievements. Scientific and technological work must be geared to economic construction because this is the main battlefield of scientific and technological development. We should grasp the tackling of major scientific and technological problems in national economic and social development. At the same time, we should step up basic research. This is necessary not only for training competent personnel but also for increasing potential forces for further scientific and technological development and promoting the development of applied science and technology. Running high-technology development zones and science and technology development zones is conducive to the integration of scientific

research and production. We should continue to give them support in terms of policy and encourage them to add to their achievements, overcome their shortcomings, and develop their own scientific research products. Next year, we should appropriately increase input on education and science and technology in terms of planning and finance.

The year 1991 is an important year for continuously advancing economic improvement and rectification and deepening reform. It is also the first year of the Eighth Five-Year Plan. Although there are still many difficulties ahead, we can see increasingly more clearly that the prospects of China's economic development are bright. Since its establishment, the new leading collective of the party Central Committee with Comrade Jiang Zemin as the core has persistently implemented the basic line of taking economic construction as the key link and upholding the four cardinal principles, reform, and opening up. Given the changeable international environment, the internal difficulties, and the external pressures, it has led the people of all nationalities in withstanding the tests and maintained the country's political, social, and economic stability. On the diplomatic front, we have also scored important successes. Western countries are gradually relaxing sanctions against our country; we have restored or established diplomatic relations with a number of countries and strengthened friendship and cooperation with many countries. We have a growing number of friends and this has created a favorable environment and conditions for domestic economic construction. Now, profound changes are taking place in the world pattern. The old pattern has been broken but the new one has not taken shape. We should be fully prepared for the worst. So long as we continuously uphold the party's basic line, the independent foreign policy, and the principle of improving the economic environment, rectifying the economic order, and deepening the reform, strengthen our confidence in overcoming difficulties, see the bright prospects, increase the unifying force, strive to forge ahead, and work diligently, we will certainly be able to bring the national economy into the orbit of sustained, stable, and coordinated development, and attain better achievements in the new year.

#### **Mao Revival Seen as Move on Liberalism, Deng**

HK0201015591 Hong Kong SOUTH CHINA  
MORNING POST in English 2 Jan 91 p 17

[“Analysis” by Willy Wo-lap Lam]

[Text] That the Chinese Communist Party's [CCP] left wing would sooner or later re-hoist the standard of Chairman Mao was evident in 1981, when the sixth plenum of the 11th Central Committee passed the landmark *Resolution on Certain Questions of the History of the Party since 1949*.

Billed as the CCP's definitive assessment of its own post-Liberation record, the *Resolution* actually boiled

down to the appraisal of one man, communist China's once and future philosopher king, Mao Zedong.

The key clause of the *Resolution*—“Chairman Mao's contributions are primary, his mistakes secondary”—was not unexpected.

In spite of the horrendous failings of the Great Leap Forward and the Cultural Revolution, it was obvious that the CPP leadership, including Deng Xiaoping, lacked the nerve to sweep Mao into the dustbin of history.

After all, as Deng admitted while the *Resolution* was being drafted: “If we go overboard and blacken comrade Mao Zedong, we'll be blackening our party and our country.”

There were other reasons why, in spite of the atrocities he had committed, the Great Helmsman's former associates dared not dump him.

For example, in the mid-50s, Deng was Mao's key enforcer in the program against liberal intellectuals known as the Anti-Rightist Movement.

Had Mao been unreservedly condemned, Deng, too, would have been banished from the political stage.

The wishy-washy verdict on Mao, however, has provided the theoretical under-pinning for Gang of Four hold-overs to rehabilitate the reputation of the fallen demigod.

In the past fortnight, the leftists have seized upon the 97th birthday of the late Chairman—as well as the continuing decline of the party's liberal faction—to launch a stunning Maoist revival.

The main argument of the latter-day Maoists is simple: only socialism as envisaged by Mao is orthodox and virtuous because it preserves such Yan'an-era values as “honesty”, egalitarianism and the purity of state ownership.

Moreover, Mao Zedong Thought is the only cure against the “inundation of bourgeois liberalisation”, which led to the pro-democracy movement last year.

What makes the people remember the Great Helmsman? As the Chinese-owned Hong Kong China News Agency (HKCNA) put it: “The people thank Mao for helping the needy and stabilising the people's livelihood...they hope Mao's style of honesty, cleanliness in Government and frugality in enterprise can be developed.”

In another dispatch, HKCNA said the people were nostalgic about the “unforgettable 1950s, when ‘the cadres were uncorrupt, and the people were harmonious and loved each other’.”

The ideologues do not think Mao Thought is obsolete in this age of reform and the open door.

Su Houzhong, who teaches Marxism at the Beijing Municipal Party School, considers Maoism the "spiritual weapon for socialist reform".

For party elder Bo Yibo, the entire "line, goals, and policies of today's reform and the open door have been raised under the guidance of Mao Thought".

Most important, the late Chairman's ideals guarantee that China would not go "revisionist", or succumb to the peaceful-evolution plots of the "neo-imperialists".

Referring to the liberalisation movement in the Eastern Bloc, cultural commissar Wei Wei said last week: "The series of changes in the international arena have proven how correct Mao's judgements were on matters like class struggle, the struggle between the two roads, (socialism and revisionism), and the possibility of the revival of capitalism."

Lecturer Su lays particular store by Mao's warnings against the "smokeless warfare" waged by the capitalist schemers.

"Mao's many strategic ideas about the prevention of the 'peaceful-evolution' (tactics) perpetrated by our adversaries in the international scene must be upheld," he said.

Another Marxist scholar, Chen Yu, recalls how, in the midst of the "rebellion" in 1989, "quite a few old comrades re-studied Lenin's works on the dictatorship of the proletariat and on the state, as well as Mao's works on class struggle and on the correct handling of the people's inner contradictions".

The ideologues' praise for Mao Thought as the anti-dote to bourgeois liberalisation has betrayed the real motive behind the Maoist revival: to pillory Deng Xiaoping, whose reforms have spawned those "revisionist" poisonous weeds.

After all, it is economic and political changes rung in by such key Deng loyalists as Zhao Ziyang and Hu Yaobang that have engendered the evils ranging from "worship of the West" to looking at everything with only money in mind.

Su has bitterly castigated those avant-garde thinkers who insisted that "only after we have thoroughly criticised Mao Thought can we go ahead with reform".

For Wei, the attack on Maoism was the harbinger of liberalisation. Referring to the 1981 plenum document, Wei said: "Some people and some publications have paid no heed to the *Resolution*."

"They havem, from the *yin* and *theyang* side, disparaged, humiliated and attacked both Mao and Mao Thought," he thundered. "With the inundation of bourgeois liberalisation, some people have become bolder. And the evil wind and perverse waves have become more severe."

The hard-line ideologues have stopped short of directly zeroing in on Deng. Yet it seems apparent that, in spite of his dramatic—and symbolic—"reappearance" on the birthday of Mao last Wednesday, Deng has been unable to parry the thrust of the Maoists.

In speech after speech, party elders including Bo and the former state president, Li Xiannian, have saluted Marxism-Leninism and Mao Thought—but not Deng Thought—as the *leitmotif* of the times.

Other theoreticians have characterised Deng as a humble student of Mao. For example, they have pointed out how Deng has "inherited and developed" Mao Thought in areas including party construction, the theory of "democratic centralism" and "permanent warfare".

Last week, The PEOPLE'S DAILY quoted a gaggle of theorists who had taken part in a recent Mao symposium as saying: "Today, when we combat bourgeois liberalisation, we must, as comrade Deng Xiaoping has pointed out, insist upon and develop Mao Thought ... correctly and comprehensively study and make use of Mao Thought."

The ideologues, of course, are employing a classic Maoist ploy of "hoisting the Red Flag to counter the Red Flag".

By saying how well Deng has been wearing Mao's mantle, the commissars have, with a stroke of the pen, obliterated all that the former has achieved since 1979.

After all, Deng's most memorable legacy—economic and political reform as well as the "liberation of thought"—consists precisely of what China watchers call "de-Maoification".

However, while the Maoists are apparently gaining the upper hand, analysts do not think they can turn back the clock for long.

Leftist cadres including Bo Yibo and Wei Wei have identified as the "core" of Maoism the maxim "Seek Truth From Facts".

Recent attempts at lionising either the person or the record of Mao, however, smacks of the most egregious "historical reconstruction".

For example, in his tribute to Mao last week, writer Zhu Zhongli described the Great Helmsman as a man of the masses: in the caves of Yan'an, the Chairman ate nothing but maize and black beans and dressed the same way as commoners.

"He slept on a stiff wooden plank, covered himself with an army blanket, and used a little oil lamp," Zhu wrote.

In their anxiety to rehabilitate the disgraced idol, the followers of Mao seem to have banished from their minds the thousands of people who starved to death during the Great Leap Forward or who perished during the bloody infighting of the Cultural Revolution.

They have also forgotten the lesson of four decades of communist Chinese history: While Maoism seems to ensure egalitarianism and ideological purity, it also perpetuates ignorance and age-old feudalism.

### **Commentator Calls for Good Quality, Efficiency**

OW0201125991 Beijing XINHUA Domestic Service  
in Chinese 0202 GMT 2 Jan 91

[XINHUA commentator's article: "Greet the 'Year of Quality, Variety, and Efficiency' With Full Confidence"]

[Text] Beijing, 2 Jan (XINHUA)—The State Council has decided to make 1991 a "year of quality, variety and efficiency." This decision is a good thing conducive to the country, the people and enterprises. It is also an important measure to free our country from present economic difficulties soon and promote a sustained, stable, and coordinated economic development.

Poor economic efficiency in industrial production is a serious problem affecting our economic development at present. Although an analysis will show that the poor efficiency of enterprises is due to many reasons, poor quality of products is no doubt a very important and direct reason. For a long time, China's enterprises have been concentrating merely on output value and output, and ignoring the quality of products. As a result, the problem of poor quality of products has not been solved thus far, and the people resent it very much. Spot checks conducted by the state over the years have shown that the average up-to-standard rate of China's industrial products is around 75 percent, far lower than that of developed countries. At present, the combined total of the products of superior quality and the products of first-rate quality produced by our major industrial enterprises is below 35 percent. The loss caused by rejects in the production of an enterprise is 10 percent of its output value. Calculated on this basis, China's annual economic losses caused by poor quality of products amount to nearly 200 billion yuan.

An important reason for the sluggish market and declining economic efficiency of enterprises at present is the fact that the products are very few in variety, seldom upgraded to new generations, and unable to meet the market demand. In the past, the economy in our country was subject to rigid state control, products were subject to unified state purchase and marketing, and enterprises had no worry about marketability of their products. With the initiation of the policy of reform and opening to the outside world, the mechanism of competition has been introduced into our economic life, and the market has experienced tremendous changes in recent years. Products that are few in variety and of outmoded design find no customers, and they of course become overstocked. Despite the sluggish market, products with advanced functions, new design and good quality remain best-sellers in the market. The enterprises producing them continue to achieve good economic returns.

Facts prove that good quality yields good economic returns, and so does great variety. Marketable products of superior quality are always popular in both domestic and international markets. Only by relying on good quality of products to win a market can an enterprise achieve good economic returns.

Since the policy of reform and opening to the outside world began, the entire nation has made efforts to improve quality control and has laid a good foundation for it. The state has promulgated a series of quality control regulations and standards, and has established some quality control systems, such as conducting of spot checks, appraisal and selection of superior products, and issuing of production permits. Quality information networks have been set up in 75 major industrial cities whose industrial output value accounts for more than 75 percent of the nation's total. Nearly one million grass roots quality control groups have been formed across the country. Moreover, increased application of science and technology in the economy and import and absorption of advanced foreign technologies have also provided a guarantee for improving quality and developing new products. So long as efforts are made to improve management and give full play to the role of all quarters, we will have reason to be fully confident in achieving practical results.

The "year of quality, variety, and efficiency" campaign that the State Council has decided to launch will soon be unfolded in a comprehensive way. Leading cadres at various levels should carry out down-to-earth work to give impetus to enterprises so that they will make efforts to improve quality and design of products, increase variety, and raise economic efficiency. We must not merely go through the motions.

We should unfold the "year of quality, variety, and efficiency" campaign and truly instill the "quality first" mentality in the minds of producers. This is of vital and lasting importance to the economic work of our country. We should make this campaign improve both our economic efficiency and the quality of the workers. For most enterprises, this is also an excellent opportunity to extricate themselves from difficulties and make inroads in the market.

### **Commentary Views Suppression of Drug Trafficking**

HK0101042091 Beijing RENMIN RIBAO in Chinese  
30 Dec 90 p 1

[Commentator's article: "Severely Crack Down on Narcotics-Related Criminal Activities According to Law"]

[Text] The "Decision on Banning Drugs" passed the Standing Committee of the Seventh National People's Congress [NPC] at its 17th session is an important law. The serious implementation of this decision is of great significance for further dealing severe blows to drug-related criminal activities, checking the spread of drugs, protecting the physical and mental health of citizens.

maintaining law and order in society, and guaranteeing socialist modernization construction.

Historically, opium did great harm to our nation; and people of all nationalities bitterly hate drugs. After the founding of new China, under the leadership of the party and the government, we thoroughly banned opium and eliminated drug addiction in a short period of time. In recent years, international drug trafficking ran more rampantly, and some drug-trafficking gangs outside our country tried to smuggle large quantities of drugs into our country. Some lawless people inside our country also tried to take this opportunity to profiteer through trafficking drugs. Drug-taking, which was basically eliminated in China, reappeared in some localities, and even spread widely in some localities. If this tendency is allowed to go unchecked, drug addiction will again seriously harm our people and obstruct our ongoing reform, opening up, and socialist modernization drive.

Our government's attitude toward banning drugs has always been firm. The Criminal Law and other relevant laws stipulate severe penalties for offenders who commit such crimes as smuggling, selling, trafficking, and manufacturing drugs. The Chinese Government and the departments concerned have also adopted a series of measures for banning drugs, including the use of the legal means for checking and banning drugs, punishing drug-related criminal offenders, and coercing drug addicts to drop addiction. Our country has successively joined the 1961 UN Narcotics Convention, the Psychiatric Drug Convention, and the Convention on Banning Illegal Trafficking of Narcotics and Psychiatric Drugs. Now, the NPC Standing Committee formulated and promulgated another important law on banning drugs according to the needs in the anti-drug struggle. This further demonstrates the Chinese people's firm determination to ban drugs and will certainly promote the in-depth development of the drug-banning work.

After the law is enacted, it must be strictly enforced. The law-enforcing department should properly study and understand the law, and handle the drug-related cases strictly in light of the "Decision on Banning Drugs" and other relevant laws in order to deal timely and accurate blows to drug-related criminal offenders. Offenders who violate the drug-related laws must be punished. Severe punishments must be meted out to those whose cases are serious. No leniency can be shown to those who should be severely punished, and criminal punishments must not be replaced with fines. Drug-taking is seriously detrimental to people's health. In our country, no one is allowed to indulge in drug abuse. Resolute action should be taken according to laws against drug takers, and drug addicts must be coercively forced to drop addiction. Those who try to resume drug abuse after being forced to drop addiction should be sent to receive education-through-labor, and should be forced to drop addiction in the course of education-through-labor and turned into law-abiding citizens.

To unfold the drug-banning struggle, it is necessary to mobilize and rely on the masses. Localities should give wide publicity to the "Decision" so the people can understand the law and consciously fight against the drug-related criminal activities. The work of banning drugs is related to many fields, and comprehensive and coordinated measures should be adopted by all quarters concerned. The civil affairs and public health departments, the youth league, the women's federations, and other mass organizations should all actively support the public security and judicial departments in carrying out the task of banning and eliminating drugs. All government institutions, social organizations, enterprises, and units should seriously carry out anti-drug propaganda and education within their own jurisdiction to create strong public opinion for banning drugs. We believe that under the leadership of the party and the government, as long as we correctly use the legal weapon, fully rely on the masses, and arouse and coordinate the efforts of all quarters, we will certainly win greater victories in the struggle against drugs.

#### 'Round-Up' Discusses Progress in Education

OW 3012082390 Beijing XINHUA in English  
0750 GMT 30 Dec 90

["Round-Up: China Makes Progress in Education"—XINHUA headline]

[Text] Beijing, December 30 (XINHUA)—A total of 2.68 million students have graduated from colleges or universities in China and another 2.93 million students from polytechnic schools over the past five years.

The figures represent respectively 74.3 percent and 57.7 percent more than those in the first five years of the 1980s, according to the State Education Commission.

Also during the period, a total of 3.86 million students graduated from agricultural middle schools.

China's educational structure has become more rational. Education in China's vast rural areas has been strengthened, and conditions in primary and middle schools, especially in the countryside, have been greatly improved.

Now the country has 18,000 secondary vocational schools with 6.3 million students. A total of 5.8 million students are studying in senior vocational middle schools.

The law on compulsory education promulgated in 1986 has brought about a high enrollment of school-age children in primary schools. Now 97.44 percent of these children go to school.

Adult education, through night schools, correspondence schools, radio and television programs, and teach-yourself examinations, has also developed during the past five years. There are now 1.7 million students at

adult institutions of higher learning. A total of 10 million adult people have learned to read and write in the past five years.

The increased investment in education has helped China's educational development. In 1989, the total funds for education amounted to 50.4 billion yuan, of which 39.8 billion yuan was the state budgetary spending. The money for education raised through various channels and donated by individuals totalled 3.6 billion yuan last year.

### Intellectual Reportedly Permitted To Resume Work

HK0101023891 Hong Kong SOUTH CHINA  
MORNING POST in English 1 Jan 91 p 6

[By Daniel Kwan]

[Text] An intellectual associated with the pro-democracy movement last year has been allowed to resume work, according to a nine-member delegation of local professors and researchers who returned to Hong Kong yesterday after a visit to the mainland.

Dr Thomas Chan, leader of the Social Sciences Research Society which is made up of local university professors and economists, said yesterday they had met Mr Zheng Bijian, deputy director of the Chinese Academy of Social Sciences (CASS) in Beijing.

It appeared that Mr Zheng has been able to retain his directorship of the academy's Research Institute of Marxism-Leninism-Mao Zedong Thought. According to Dr Chan.

Mr Zheng has not been seen in public since the military crackdown last year. There were reports that Mr Zheng, a former personal secretary of the late party chief Mr Hu Yaobang, had been put under investigation for his alleged role behind the student protests.

After the June 4 incident, the Chinese Government undertook a thorough investigation of academics at CASS, deemed a "disaster zone" for bourgeois liberalisation.

Dr Chan said the delegation also exchanged views on China's economy with Chinese officials including those from the State Planning Commission.

He disclosed that the Chinese Government had not made the final decision on whether to lift price control on the domestic grain market fearing the decision would fuel inflation.

### Military

#### New Political Work Regulations Take Effect

OW3112182090 Beijing XINHUA Domestic Service  
in Chinese 1119 GMT 31 Dec 90

[Text] Beijing, 21 Dec (XINHUA)—The "Regulations Governing the Political Work of the Chinese People's

Liberation Army [PLA]"—the basic regulations guiding the Chinese Armed Forces' political work during the new period—have been approved by the CPC Central Military Commission and will be promulgated and enforced throughout the armed forces on 1 January 1991.

The new regulations have 125 articles in 11 chapters. Chapter one, general principles; chapter two, the principal tasks and contents of political work of the Chinese PLA; chapter three, the Chinese PLA General Political Department; chapter four, party organizations at all levels within the Chinese PLA; chapter five, political commissars within the Chinese PLA; chapter six, political organs at all levels within Chinese PLA units; chapter seven, political organs of Chinese PLA colleges, schools, science research institutes, and hospitals; chapter eight, political instructors, political guides, and political assistants within the Chinese PLA; chapter nine, Communist Youth League [CYL] organizations within the Chinese PLA; chapter 10, conferences of military representatives and servicemen committees within the Chinese PLA; and chapter 11, supplementary provisions. The new political work regulations clearly prescribe the general policies, principles, tasks, and methods of political work; the responsibilities of party committees, political organs, and political cadres at all levels; and the organizational structure, principal tasks, and operational system of CYL organizations, servicemen conferences, and servicemen committees of companies.

The regulations have been drawn up on the basis of the former regulations, which have been revised after repeated discussions, more than two years' investigation and study, and extensive solicitation of views from all quarters. Guided by Marxism-Leninism-Mao Zedong Thought, as well as the basic party lines, the regulations fully reflect the guidelines of the CPC Central Committee and the Central Military Commission since the convocation of the Third Plenary Session of the 11th CPC Central Committee. These regulations fully epitomize and sum up the basic experiences the Chinese Armed Forces have gained in doing political work over several decades, and they are in line with the requirements set for the Chinese Armed Forces' political work during the new period. The promulgation of the regulations will have a significant and far-reaching impact on intensifying the Chinese Armed Forces' political work, ensuring the party's absolute leadership over the Armed Forces, and making sure that the Armed Forces will always measure up politically.

#### XINHUA Issues Text of Regulations

OW0101164691 Beijing XINHUA Domestic Service  
in Chinese 1220 GMT 28 Dec 90

[Text] of "Regulations on Militia Work" promulgated by the State Council and the Central Military Commission on 24 December]

[Text] Beijing, 28 Dec (XINHUA)—

**Chapter I: General Principles**

Article 1. These regulations have been formulated in accordance with the relevant provisions in the "Military Service Law of the People's Republic of China" to ensure effective militia work and to strengthen the reserve forces of national defense.

Article 2. The militia is a production-oriented armed people's organization under the CPC's leadership, a component of the PRC's Armed Forces, and an auxiliary and reserve unit of the People's Liberation Army [PLA].

Article 3. The tasks of militia work include:

A. Establishing and consolidating militia organs, improving the military and political qualities of militiamen, providing and managing weapons and equipment for militia forces, and raising reservists for use in times of war;

B. Mobilizing militiamen to participate in socialist modernization, organizing militiamen to assume duties related to war preparedness, and maintaining public order; and

C. Organizing militiamen to join the military and military operations, assist the front lines, resist aggression, and defend the motherland.

Article 4. In carrying out militia work, it is necessary to foster thinking on people's warfare and to uphold the integration of production and militia duties, the systems of militia and reserve forces, and militia work and preparatory work for mobilizing troops in times of war.

Article 5. Under the leadership of the State Council and the Central Military Commission, the PLA General Staff Department will take charge of militia work nationwide.

Military regions and districts will assume responsibility for their own militia work according to the tasks assigned by higher authorities.

As the leading military commands of areas falling under their jurisdiction, provincial military districts (including garrison commands; the inclusion is applicable to similar references hereinafter), provincial military subdistricts (including garrison commands; the inclusion is applicable to similar references hereinafter), and county (including city and district; the inclusion is applicable to similar references hereinafter) people's Armed Forces will be responsible for the militia work of those areas.

The people's Armed Forces of townships, ethnic minority townships, towns, neighborhoods, enterprises, and institutions will be responsible for the militia work of the areas and units in which they are stationed, whereas neighborhoods, enterprises, and institutions that have not created their own people's Armed Forces pursuant to relevant regulations will designate a department to take charge of militia work.

Article 6. Structural changes in the people's Armed Forces of townships, ethnic minority townships, towns,

neighborhoods, enterprises, and institutions will be effected according to relevant national regulations.

Article 7. Local people's governments at all levels must strengthen leadership over militia work, make overall arrangements for such work, and perform organizational and supervisory functions to ensure the completion of pertinent tasks. The relevant departments of those governments will assist military organizations in carrying out militia work and in solving related problems.

Enterprises and institutions will incorporate militia work into their administrative plans and accomplish the tasks in militia work in accordance with the requests of local people's governments and leading military commands.

Article 8. Militia forces will follow organizational leadership and the commands of higher authorities, seek to master military techniques, handle weapons and equipment with care, try to acquire political knowledge, take the lead in production, abide by laws and regulations, and protect public interests.

**Chapter II: Organization of Militia Forces**

Article 9. Militia forces will be organized in accordance with Article 37 of the "Military Service Law of the People's Republic of China."

Article 10. Citizens will join militia organs pursuant to Articles 37 and 38 of the "Military Service Law of the People's Republic of China."

Article 11. Militia forces will be organized in accordance with the principle of facilitating leadership, movement, and the performance of duties. Rural areas will create militia companies or battalions in administrative villages, while cities will form militia platoons, companies, battalions, or regiments in enterprises, institutions, and neighborhoods.

In light of their independent structure, militia forces will be formed into squads, platoons, companies, battalions, or regiments depending on their memberships.

Special militia technical squads should be organized and set up among primary militiamen, with available weapons and equipment and in accordance with the need of war preparedness; and militia artillery battalions and regiments should be organized and set up in major cities of people's defense, transportation junctions, and other target areas of defense. Special militia technical squads may be jointly set up by several units.

Article 12. Militia cadres should be selected from among people who are healthy, relatively young, politically and ideologically mature, dedicated to militia work, and have a certain level of general and military knowledge.

Demobilized servicemen should be given priority in selecting militia cadres.

Article 13. Each unit nominates its own militia cadres, who are to be appointed by the grass-roots people's Armed Forces department or local military leading and commanding organization within the limits of its authority of appointing and removing personnel.

Responsible persons of enterprises and institutions should serve concurrently as leading military and political officers of the militia of their own units at and above the company level.

Company and battalion leaders of primary militiamen should be served by full-time people's Armed Forces' cadres or assumed concurrently by responsible persons of their own units.

Article 14. Militia organizations should conduct an annual consolidation in the following fields: education and publicity on the militia; incoming, outgoing, and transfer of militiamen; readjustment and appointment of cadres; work reviews; equipment inventory; improvement of system; and assembly and examination.

Demobilized servicemen, who meet the qualifications for reserve forces, should be promptly put into militia organizations.

### Chapter III: Political Work

Article 15. In carrying out political work among militiamen, it is necessary to learn from the PLA's political work experience, and inherit and carry forward the fine tradition of militia work to ensure the implementation of the principles and policies and the fulfillment of the various tasks of militia work.

Article 16. In conducting political education among militiamen, it is necessary to focus on the CPC's basic line and education in national defense in teaching them the militia's nature, tasks, and fine tradition; patriotism; revolutionary heroism; situation and strategy; and policies and the legal system.

Political education among militiamen should be conducted in conjunction with organizational consolidation, military training, conscription, and other major occasions.

Article 17. In peacetime, political education among militiamen should, in accordance with the military training tasks and war preparedness requirements and in light of the actual thinking of militiamen, aim to improve their ideological and political quality, raise their awareness in military training and study, and organize them to take the initiative to participate in the building of the socialist material and spiritual civilization. In time of war, it should aim to mobilize militiamen to join the war and support the frontline by participating in the combat and other activities to annihilate enemies to ensure the fulfillment of combat and war duties.

Article 18. The training, selection, readjustment, and appointment of full-time people's Armed Forces cadres

should be conducted in accordance with the relevant regulations. Appointments and removals of full-time people's Armed Forces cadres should be handled by local military leading and commanding organizations within the limits of their authority.

### Chapter IV: Military Training

Article 19. Military training of militiamen should be carried out according to the standards set in the "Outlines for Military Training of the Militia" promulgated by the PLA General Staff Department. This department will define annual training tasks and transmit them down to each level across the country.

Article 20. Military training of militiamen should be organized and enforced by the county people's Armed Forces departments. Military training of full-time people's Armed Forces cadres should be organized by militia subdistricts.

Offices of various arms and services, PLA units, and military academies should assist the provincial military districts, military subdistricts, and county people's Armed Forces departments in conducting military training of militiamen.

Article 21. Primary militiamen taking part in military training should be evaluated on their performance. Those who pass the evaluation should be registered at the county people's Armed Forces departments. Standards for evaluating the military training of militiamen shall be formulated by the General Staff Department.

Article 22. Counties should gradually set up military training bases for conducting centralized training of militiamen.

Military training bases for militiamen should be completed with management systems and basic facilities to ensure the needs of military training.

Article 23. Each level of the militia is responsible for its teaching materials and military training equipment. The PLA General Department is responsible for editing and printing teaching materials and distributing some serialized training equipment. Other equipment needed for training should be coordinated and purchased by provincial military districts, military subdistricts, and county people's Armed Forces departments.

It is necessary to strictly manage militia training equipment, which should not be used for other purposes.

Article 24. During military training, local people's governments should give rural militiamen and militia cadres subsidies, equivalent to the income of local labor at the same level, to compensate for the loss of time in production.

During military training, militiamen and militia cadres of enterprises and institutions shall continue to receive wages and bonuses and enjoy the same fringe benefits from the original units, and their meal subsidies and

travel and other expenses shall also be paid by original units from outlays of relevant items according to government regulations.

Militia activities organized by enterprises and institutions on their own should be paid by themselves.

#### **Chapter V: Weapons and Equipment**

Article 25. Development and allocation of weapons and equipment of the militia shall be worked out by the PLA General Staff Department under a unified plan. The military regions, provincial military districts, military subdistricts, and county people's Armed Forces departments should allocate and supplement the weapons and equipment according to the plan of higher authorities.

Article 26. In allocating weapons and equipment for the militia, it is necessary to ensure priority needs and rational distribution, in accordance with the militia's organizational plans and demands in combat readiness duties and military training.

Article 27. Weapons and equipment needed by militia units, assigned to support army units to perform combat tasks on the front lines, will be issued by the county people's Armed Forces departments and supplemented by army units after arrival.

Article 28. Movement of militia weapons and equipment should be respectively approved by relevant county people's Armed Forces departments, military subdistricts, provincial military districts, and military regions which have jurisdiction over such movements. Transregional movements or movements outside the militia system should be approved by the PLA General Staff Department.

Militia weapons and equipment should not be used without approval. The use of weapons and equipment issued to militiamen or militia organizations for official duties or military training should be reported to and approved by the county people's Armed Forces departments.

Article 29. Maintenance of militia weapons and equipment should be handled according to PLA General Staff Department regulations.

Units in charge of keeping militia weapons and equipment should have sturdy storehouses (rooms) and effective management systems. Weaponry storehouses (rooms) must be equipped with special guards and alarm and fire fighting facilities.

Article 30. Militiamen having access to weapons and guards of military weaponry storehouses should be examined and approved by the people's Armed Forces departments according to relevant regulations.

Article 31. Repair of militia weaponry in rural areas should be taken care of by the county people's Armed Forces departments; and in cities, by units equipped with weaponry. Weapons that cannot be repaired by the

forementioned units shall be repaired by machinery repair stations (plants) of the military subdistricts, provincial military districts, and military regions.

#### **Chapter VI: Duties of Combat Readiness**

Article 32. Plans for militiamen to perform the duties of combat readiness will be formulated and implemented by the county people's Armed Forces departments in accordance with tasks entrusted by higher authorities.

Article 33. Militia organizations in land, sea, and frontier defense areas and other key strategic points should carry out joint defense with local PLA and People's Armed Police units in accordance with the demands of higher military authorities.

In case of emergencies, such as raids, harassment, air drops, or enemy intrusion, the militia should encircle and suppress, or search and arrest the enemy under the direction of local military authorities.

In war time, the militia should coordinate with army units in performing various combat duties, supporting the front lines, protecting the masses, and safeguarding production.

The militia should coordinate with public security organs in maintaining social order.

Article 34. Public financial resources will be used sparingly in assigning militia duties, and stringent controls will be imposed in this regard.

Military subdistricts will work out plans for the establishment of militia outposts for border and coastal defense in accordance with combat readiness requirements. They will submit the plans to provincial military districts for approval.

In assigning militiamen to guard key targets such as bridges, tunnels, and warehouses, units having jurisdiction over such targets will file applications with provincial military districts for approval in accordance with relevant state regulations.

In assigning duties for maintaining public order to militiamen, local leading military commands will seek the approval of people's governments at the same level and report the assignment to the next higher military authorities for the record. The use of militia forces in maintaining public order and production at factories and mines will be approved by factory and mining authorities. It will be reported to county people's Armed Forces for the record.

Article 35. Units using militia forces will pay the relevant remunerations and allowances.

Barracks, camping equipment, kitchenware, communications equipment, lighting equipment, drinking water, and warning devices needed by militiamen in guarding key targets will be provided by units having jurisdiction over such targets. These units will also be responsible for

paying and providing living allowances, duty-related supplies, essential stationery, medical expenses, and casualty compensation to militiamen.

Article 36. Preferential treatment, placement, and compensation for militiamen wounded or killed in military operations in the line of duty and while undergoing military drills and maintaining public order will be handled in accordance with pertinent state regulations.

#### **Chapter VII: Operating Expenses of Militia Forces**

Article 37. The operating expenses of militia forces are special costs allocated in the state budget to ensure the construction of such forces. They will be managed strictly and used for their intended purposes only.

Article 38. Provincial military districts, military subdistricts, and county people's Armed Forces will manage the operating expenses of the militia forces at their respective levels.

Provincial military districts will work out budgets listing the annual allocations for the operating expenses of militia forces in accordance with the militia tasks for the entire year. They will implement the budgets after obtaining the approval of the provincial (including autonomous regional and municipal; the inclusion is applicable to similar references hereinafter) people's governments.

The logistics departments of provincial military districts and provincial financial departments (bureaus) will establish working relations in financial matters. The headquarters of provincial military districts and military subdistricts will be responsible for working out plans for the allocation and utilization of expenses, while logistics departments will be responsible for practicing financial management and exercising supervision over financial affairs.

As grass-roots units for disbursing the operating expenses of militia forces, county people's Armed Forces have direct control over the use of such expenses.

Article 39. The operating expenses of militia forces will be primarily allotted to county people's Armed Forces. Excluding the costs for maintaining and repairing militia equipment, the operating expenses of militia forces retained by provincial military districts and military subdistricts may not exceed 20 percent of the province's total allocation.

Article 40. Operating expenses of militia forces will be used mainly in conducting military training, maintaining and repairing weapons and equipment, improving organizational structure, and carrying out political work.

Article 41. Measures spelling out ways to use and manage the operating expenses of militia forces will be drawn up by provincial people's governments and provincial military districts.

Budgeting, accounting, and utilization management regarding the operating expenses of militia forces will be supervised by the Ministry of Finance and the General Staff Department. They will be audited by auditing departments.

#### **Chapter VIII: Rewards and Punishments**

Article 42. Militiamen, militia organs, and cadres of people's Armed Forces who have scored brilliant achievements in military operations and in assisting the front lines will be rewarded by the military pursuant to the provisions for rewards and the authorized limits in the "Regulations on Discipline of the People's Liberation Army." Those who have rendered distinguished services in completing militia work, maintaining public order, and accomplishing other tasks will be rewarded by local people's governments and local leading military commands.

Article 43. Citizens will join militia organs in accordance with these regulations. Those who refuse to join, or those who have joined but failed to mend their ways after education aimed at reversing their refusal to undergo military training or to perform their duties, will be disciplined by units in charge of the militia forces in question or by departments concerned under local people's governments at the request of the people's Armed Forces. In addition, they will be forced to perform their military service.

Militiamen who refuse to join, or otherwise dodge, major tasks such as military service, military operations, support-the-front-line activities, and efforts to maintain public order, or those who have caused serious consequences as a result of negligence of duty, will be punished pursuant to the relevant provisions in the "Military Service Law of the People's Republic of China" and the "Interim Regulations of the People's Republic of China on Punishing Violations of Responsibilities by Military Personnel."

Article 44. Units that violate the provisions in these regulations, refuse to create or abolish without authorization militia organs, or refuse to complete militia tasks will be criticized or disciplined by local leading military commands with the approval of the people's governments at the same level. The responsible persons of such units will also be disciplined and ordered to correct their ways within a specified period.

#### **Chapter IX: Supplementary Provisions**

Article 45. These regulations will be interpreted by the PLA General Staff Department.

Article 46. These regulations will take effect on 1 January 1991. The "Regulations on Militia Work" promulgated by the Ministry of National Defense in August 1978 will be nullified on the same day.

### **Circular Issued on Militia Work Regulations**

*OW3012094190 Beijing XINHUA Domestic Service  
in Chinese 0433 GMT 30 Dec 90*

[Text] Beijing, 30 Dec (XINHUA) —The General Staff and General Political Departments of the People's Liberation Army [PLA] recently issued a circular calling on military regions and districts as well as the People's Armed Forces departments at all levels to seriously study and resolutely implement the new "Militia Work Regulations," do a good job in militia work during the new period according to law, and bring militia construction to a new level.

The circular pointed out: The new "Militia Work Regulations" are important military administrative regulations governing militia work, and form the bases for launching militia work. The promulgation of the regulations for implementation is highly significant in further perfecting the regulations for militia work and consolidating the building of reserve forces.

The circular calls on the provincial military districts, subdistricts, and the People's Armed Forces departments in various counties and (cities) to organize the People's Armed Forces and cadres and militia at all levels to earnestly study the new "regulations," propagate the new "regulations" by various means, and pay close attention to the implementation of militia work structurally, politically, and militarily in accordance with the requirement of the new "regulations." The People's Armed Forces departments at various levels must take the initiative in conferring with the local governments in formulating and perfecting a complete set of local regulations in conjunction with the new "regulation," and promote the all-around construction of the militia.

### **Qinghai Military Vows To Implement Communiqué**

*HK0201100891 Xining Qinghai Provincial Service  
in Mandarin 2300 GMT 1 Jan 91*

[Excerpt] Officers and soldiers of various organs and troops under the command of the provincial military district and under the command of the Qinghai-Tibet Army Service Station gladly read the Communiqué of the Seventh Plenary Session of the 13th Party Central Committee and vowed to implement and carry out the spirit of the seventh plenary session with real actions.

The officers and soldiers under the command of the provincial military district and the command of the Qinghai-Tibet Army Service Station said: The recent plenary session summed up the line, principles, and policies implemented since the Third Plenary Session of the 11th Party Central Committee and put forward inspiring tasks for our country's economic development plan and eighth five-year plan in next decade. The plenary session is of both great realistic significance and great historical significance to building socialism with salient Chinese characteristics.

The officers and soldiers held: The 10-odd years since the Third Plenary Session of the 11th Party Central Committee is the best period since the founding of the PRC. During this period, our country has witnessed the most rapid economic development and the biggest improvement in people's livelihoods. The publication of the Communiqué of the Seventh Plenary Session of the 13th Party Central Committee signified a new stage in our country's development.

They said: The communiqué called for strengthening national defense building, thus manifesting concern for and trust in the people's army. As soldiers, they will unify ideology and action in accordance with the strategic plan made by the party central committee, strike root in the plateau, and make selfless contributions. [passage omitted]

### **Guizhou Develops New Fighter-Trainer Plane**

*OW2812202190 Beijing XINHUA Domestic Service  
in Chinese 0132 GMT 28 Dec 90*

[By reporter Li Anding (2621 1344 1353)]

[Excerpt] Beijing, 28 Dec (XINHUA)—The Guizhou Aviation Industry Corporation under the Ministry of Aeronautics and Astronautics Industry developed an advanced fighter-trainer, Model Jianjiao 7-P, in a mere 19 months. Having its first and successful test flight recently, the fighter-trainer set a record in China's aviation history for taking the least time to develop. Lin Zongtang, minister of aeronautics and astronautics industry, called the aircraft a "golden phoenix" soaring out of the mountains.

The Model Jianjiao-7P aircraft is an advanced high-altitude, supersonic fighter-trainer. It cannot only carry out all of the training done by the Model Jian-7 aircraft, but it can also perform most of the training required for operating China's latest generation of fighter planes. In addition, being capable of both aerial and air-to-ground offense, it also is an important airplane for exports. The successful development of this aircraft has placed China among advanced countries in developing supersonic trainer aircraft. [passage omitted]

### **Air Defense Facilities Serve Peacetime Needs**

*OW3012094790 Beijing XINHUA Domestic Service  
in Chinese 0228 GMT 30 Dec 90*

[Report by correspondents Guan Ke (7070 4430) and Niu Yinhan (3662 6892 3352)]

[Text] Beijing, 30 Dec (XINHUA)—During the Seventh Five-Year Plan period, China's people's air defense system achieved remarkable results in building a telecommunications network in accordance with the principle of being useful in both peacetime and wartime.

At present, radio command communications networks connecting provincial-level authorities with major people's air defense cities have been established in some provinces and autonomous regions. People's air defense communications stations and wire command communications networks have been set up in most of the major people's air defense cities, while radio command communications networks have been built in some cities. In Beijing, Shanghai, Tianjin, and several dozen other cities, the people's air defense command communications networks preliminarily have been automated to reach an advanced technological level.

The people's air defense departments in various localities, striving to make the people's air defense communications facilities serve both peacetime and wartime needs in consideration of local realities, have contributed to economic construction. The people's air defense communications facilities are being used to serve party and government organizations and the public in the course of building key state construction projects and national defense construction projects. Such a practice helps lighten the urban telephone service load to a certain extent. The people's air defense communications facilities are also being used in time of natural disasters and emergencies. Local governments often use those facilities in the course of dealing with fires, floods, typhoons, earthquakes, or other calamities.

### Economic & Agricultural

#### Minister Liu Suinian on Boosting Industrial Output

HK3112021390 Beijing CHINA DAILY in English  
31 Dec 90 p 1

[By staff reporters Li Hong and Ma Lie]

[Text] Xian—The Ministry of Materials and Equipment, China's major purchasing agent, will try its best to organize the largest quantity of materials to ensure the annual 6 per cent increase in national gross industrial output envisaged for the coming Eighth Five-Year Plan period (1991-1995).

Materials Minister Liu Suinian told about 200 provincial government officials here yesterday that, to force materials-production enterprises to carry out their compulsory orders, and more importantly, to seize the lion's share of the materials on the free market, would be the only two ways to realize the goal.

State-owned enterprises of energy and materials production used to complete the State orders for their products. However, lured by the "double-tier" price system, since the beginning of the 1980s they have tried to shift the low-priced State orders to the high-priced free market to earn hefty profits.

Liu said that only when the State-run materials agent controls the bulk of the materials produced, including crude oil, coal, steel, timber and cement, would the

government be able to guarantee the construction of key projects, readjust the irrational industrial and products mix, and ensure a faster industrial development speed.

This year, the State purchased at its lower set-levels merely 42.7 per cent of the coal, 49.2 per cent of the steel, 12.6 per cent of the cement and 22.9 per cent of the timber produced in the country. And State-run materials brokers controlled less than half of the high-priced materials on the market.

At the meeting, Liu said "the most effective way to secure materials is to develop and stabilize the market connecting the materials product base and the consumption base."

During the 1991-1995 period, Liu said that his ministry would strive to upgrade the services of the subordinate brokers, and take hold of enough materials to maintain a rough balance between supply and demand.

The ministry will also make its due contribution to one national readjustment of industrial build-up and products mix. It will cut the purchase of equipment already piling up in inventories, and on the other hand, encourage the production of materials in short supply.

Liu also said that preferential distribution of supplies would be given to energy, communications, national defence, the national campaign to aid poverty-stricken areas, and the production of goods which are selling well on the market.

#### Rapid Economic Recovery in 1990 Noted

OW 3012085190 Beijing XINHUA Domestic Service  
in Chinese 1011 GMT 27 Dec 90

[By reporter Wu Shishen (0702 1102 3234)]

[Text] Beijing, 27 Dec (XINHUA)—Near the end of the year, central departments in charge of macroeconomic management announced gratifying information: Industrial production and market sales have been accelerating, the decline in economic benefits has been restrained, social demand has continued to grow, and the overall national economic recovery has obviously sped up.

According to the latest news from the State Planning Commission, the Ministry of Finance, the People's Bank of China, and the State Statistics Bureau, industrial production has rebounded rapidly, accompanied by a remarkable recovery in market sales since the fourth quarter of this year. The spectacular decline in industrial economic benefits has slowed down. In October, industrial benefits were restrained preliminarily and continued to improve in November. Compared with October, budgetary industrial enterprises throughout China in November increased their sales revenues by 0.5 percent, increased profits and taxes by 1.6 percent, and registered a slower increase in the funds tied up by finished products in warehouses. The overall industrial

labor productivity, which had decreased since the beginning of the year, was rising for the first time. In the first 11 months of this year, the amount of labor productivity of state-owned industrial enterprises practicing independent business accounting was 17,220 yuan, a 0.5 percent increase over the same period last year. Throughout the country, 14 provinces, municipalities, and autonomous regions are in the stage of positive growth.

Increases in both investments and loans propelled further economic recovery. From January to November, total investment by state-owned units on projects including capital construction, equipment upgrading, and technical transformation was 165.3 billion yuan, an 8.2 percent increase. The trend of investment was good: The rate of budgetary investment changed from positive to negative growth, and the growth of extrabudgetary investment continued to accelerate; the investment for equipment upgrading and technical transformation was expedited further; the investment structure improved and major investments were concentrated on developing such basic industries as energy, transport, and posts and telecommunications. At the end of November, the balance of various bank loans totalled 1,453.4 billion yuan, up 212.5 billion yuan over the beginning of the year. Most of these loans were used for guaranteeing a supply of funds for procuring farm and sideline products, supporting the recovery of industrial production, and increasing investment on fixed assets.

While conditions in production and the market were improving, the wages for staff and workers continued to increase. Due to an improvement in production and benefits, some enterprises paid extra bonuses and repaid wages in arrears. From January to November, the total wages for the staff and workers throughout the country totalled 246.5 billion yuan, an 11.5 percent increase. Of this, the rate of increase in November was 15.3 percent and 15.9 percent in October. It is necessary, however, to pay attention to the phenomenon that some enterprises, which still experience slow production, are borrowing money to compete with one another to offer higher wages to workers.

Economists here pointed out: At present, even though the general trend of national economic development continues to improve, it also is necessary to take note of the increasing tendency to solely stress speed at present.

#### **'Yearender' Reviewing 1990 Economic Situation**

*OW0201024291 Beijing XINHUA Domestic Service  
in Chinese 0917 GMT 31 Dec 90*

[By XINHUA reporter Wu Shishen (0702 1102 3234): "Yearender: Developing in Stability—A Review of the Economic Situation in 1990"]

[Text] Beijing, 31 Dec (XINHUA)—Guided by the theme that "stability prevails in everything," China's economy has moved out of the dark shadows and developed in stability. As the year draws to a close, all signs

and trends indicate clearly that the recovery of the national economy is finally in sight.

China's economy has been put through the severe and difficult tests and challenges throughout 1990.

As the Year of the Horse began, the thermometer of all economic statistics dropped: industrial production had a negative growth, the market was sluggish, the "debt chain" was serious, and the number of jobless persons increased markedly. Some foreign media even held that "China was in an economic recession."

Economic stability is the foundation of the republic's overall stability. In the face of "internal difficulties and external pressure," the CPC Central Committee and the State Council scrupulously selected a plan that helped maintain social stability and simultaneously facilitated economic recovery. Under the premise of exercising macroeconomic control, they decided to appropriately loosen the tightening tension to deal with market sluggishness on a selective basis. With people across the country making concerted efforts to surmount difficulties, the strains of the three-part movements—namely, interest rates, loans, and investments, boosted the people's morale.

Industrial production, which suffered low and even negative growth, began to pick in March, indicating that the year's target of achieving a six percent growth in the industrial sector could be attained. The internal restructuring of the industrial sector had a good start, and the "bottleneck" departments in charge of energy resources and raw materials enjoyed steady growth, paving the way for steady industrial development. A group of enterprises, which had been closed completely or partially, showed vital signs again. The number of jobless persons in the nation was reduced by around half, and the unemployment rate in urban areas was estimated to be less than three percent the whole year. That was decisive for maintaining social stability.

As the demand for consumer goods picked up again, the gloomy market finally saw the "ray of growth" again in the midsummer month of June, and market sales increased month after month. Since the fourth quarter of the year, in particular, the extensive rural market showed signs of improvement, and the total retail sales reached that of a normal year, with growth approximating 10 percent over the same period last year. Although the "sluggish" trend has not yet vanished completely, there was an ample supply of commodities, the circulation situation was steady, and the consumer psychology was stable.

Without agriculture, there will be instability; without food grain, there will be panic. Agriculture has been regarded as the "top priority" of the people's governments at all levels this year. The general attitude of attaching importance to agriculture, supporting agriculture, and developing agriculture began to take shape in all quarters of society, and an upsurge in rejuvenating agriculture through science and technology appeared.

The peasants' proverb that says "the Year of the Horse is a good year for tending the land" turned into reality: There were higher outputs of grain, cotton, sugar, and edible oil. The total grain output is expected to exceed 420 metric tons, a record high. It is estimated that this year's agricultural output will increase around five percent over last year, exceeding the target set for the year. This indicates that China's agriculture has finally broken through years of sluggish growth and moved on to a new phase. The bumper agricultural harvests have reassured the nation and also enabled the national economy and the people's livelihood to improve steadily on a more solid foundation.

The worrisome trend of price increases was checked by economic and administrative measures, and the extent of such increases dropped noticeably. It is estimated that the nation's retail price level will rise approximately three percent from last year, a sharp contrast from the double digit increases experienced the two preceding years. The restructuring target set by the state was reached ahead of schedule. After adjustment for price rises, the per capita income of urban residents is expected to grow by roughly six percent, and urban and rural savings rate will grow above 30 percent, showing the people's psychological stability. After two short years of economic readjustments, China's inflation has been "trimmed" noticeably. Such achievements are unusual anywhere in the world.

The pace of opening to the outside world proceeded more firmly and with greater ease amid a severe international environment. The nation is still open to the world. The structure of foreign trade has been streamlined. The unstoppable massive imports of consumer goods has quieted down, and foreign trade has finally had a surplus after several years of deficit. The conspicuous increase in the nation's foreign exchange reserve, in particular, will further enhance China's ability to repay its foreign debts.

China's economy began in difficulty but developed in stability in the first year of the 90's. In a world of keen competition, China has been able to take the initiative by relying on its own efforts. According to the statistics department's preliminary estimate, the 1990 gross national product will increase by around 4.5 percent, higher than last year's figure and faster than the average growth rate of the world. Some discerning economists admitted that when a nation is enjoying moderate economic growth every year, it is unrealistic to say that it is in an "economic recession."

Time passes quickly and the world keeps changing. Although China's economy is yet to be relieved from such ills as structural imbalance, deteriorating efficiency, and financial difficulties, and considerable time is still needed for it to get into a beneficial cycle, the entire economy will continue to develop soundly in a sustained, steady, and coordinated manner.

**Economist Wu Jinglian on Market-Oriented Reform**  
*HK3112083090 Hong Kong TA KUNG PAO in Chinese*  
24 Dec 90 p 2

["Special Article" by TA KUNG PAO staff reporter Lin Ning (2651 1337): "Noted Economist Wu Jinglian on Promoting Market-Oriented Reform"]

[Text] Guangzhou, 23 Dec (TA KUNG PAO)—The theory expounded in Guangzhou by Wu Jinglian, noted economist and research fellow of the State Council's Research Center on several issues concerning the deepening of reforms during the Eighth Five-Year Plan attracted local experts' interest. The main points of his theory are that like "commodity economy," market economy, not exclusive to capitalism, is compatible with socialist public ownership whose realization form has been reformed. China is able to carry out well a reform oriented to the socialist economic market and bring about a sustained, stable, and harmonious development of the national economy.

**Causes for Current Problems Are Complicated**

Eye-catching achievements have been made in the decade-long reform. Nevertheless, due to some defects in the strategy and tactics for reform, quite big errors have cropped up in the economy in the last few years. When it comes to the market, it seems that the government can let go its management of the market and the enterprises and the individuals can do whatever they like. When "market" was in vogue, all fields of endeavor, ranging from schools, hospitals, the government, the army, to public security organs, procuratorial organs, and people's courts, "oriented themselves to the market" without exception. When "planning" is stressed, it seems that everything is decided by the government; commodities are distributed by the government, and prices are set by the government.

He pointed out: Currently, in the theoretical circles there is a tendency of regarding market as an alien force that can be utilized by ignoring the essential theoretical topic of whether the socialist economy is a planned commodity economy. It argues that bringing the role of the market into play will do damage to the planning character of the economy and tries hard to reduce the scope of its activity to an insignificant extent.

Wu Jinglian contended: This can be nothing but theoretical retrogression. The serious problems currently emerging in the economic life are the outcome of many complicated factors.

Disproportions in the national economy and a worsening industrial structure are not new problems cropping up after reform was made. They repeatedly emerged in the previous traditional structure. The basic reason behind them is that on the one hand, at the present stage of development in our country, there is indeed an urgent necessity to increase growth rates and catch up and

surpass developed countries and on the other, the traditional economic structure is relatively fit for mobilizing resources under extensive economic conditions but in developing industries needed by the state, it is very difficult for us to improve the economic efficiency. Impatience for higher growth rates while it is impossible to improve efficiency markedly is bound to lead to major or minor "swings" (such as the great leap forward in the 1958 and the minor rash advance in 1956).

#### **Regulation by Market Mechanisms and Guidance by Planning**

Of course, there are also problems facing the reform over the last few years. Due to inadequate theoretical preparations, the reform over the last few years followed the same old disastrous road of "administrative division of powers," which were repeatedly taken in previous reforms. The powers which should be delegated to lower levels were not delegated and those which should not be decentralized were decentralized. Because powers were divided through administrative fiat, the market could not develop to maturity and more often than not, the administrative fiat themselves could not work as expected.

Meanwhile, the multiplicity of prices resulting from the orders by planning in violation of the law of value, which "went side by side" with market competition in the absence of any regulations, led to confusion and widespread corruption in the circulation sector.

The crux of the abovementioned problem lies, as Wu Jinglian put it, in the fact that in making reform, a strategic based on "delegation of power and concession of profit" was adopted and while centralized administrative coordination was being weakened, no achievements were made in the formation of a unified market and the working out of regulations concerning competition, and hence, there was a "principal-agent [zhu hou 6175 0186] economy," without unified planning and a unified market, but not in the fact that enterprises' decision-making powers and the market's regulatory role are expanded.

#### **A New Economic Operational Structure**

As he sees it, the so-called regulation by market mechanisms means recognizing enterprises' decisionmaking powers in operation and management and regarding the prices formed in the competition conducted by different enterprises within the framework of certain regulations as the basic parameters of economic activities. The so-called guidance by planning means that the government consciously uses the economic, legal, and administrative means in its hands to maintain that the major proportionate relationships of the national economy are coordinated.

Whether to rely on administrative fiat, direct government intervention, mandatory planning or a competitive market in achieving this coordination is an issue of another level. However, Wu Jinglian was worried that if

the government did not have adequate macroeconomic regulatory means, consciously maintaining the planning character of the economy would become an empty talk.

There were serious drawbacks in this regard in the last few years. This being the case, while improving the economic environment and rectifying the economic order, the central authorities wanted to centralize necessary decision-making powers, mainly in such areas as financial, credit, and foreign exchange in macroeconomic total quantity terms.

However, this does not mean that we can reintroduce the universal use of mandatory planning and distribution in kind and backtracking to the old structure. Moreover, as past events revealed, the effect of stabilizing the economy and carrying out structural readjustments using administrative means is short-lived. At the present time when the economy has become greatly complicated, with the non-state-owned sector having occupied a considerable proportion in the whole economy, and has entered the stage of developed mainly based on intensive growth, even whether it is possible or not for mandatory planning to reoccupy its predominant position is also open to doubt.

Therefore, he maintained: In the term of the role of planning and market touching on the whole society, overall, the judgments, such as that in the new economic operational structure, "the state regulates the market and the market directs the enterprises" should not be negated. In improving the economic environment and rectifying the economic order, we should suit the remedy to the case. While centralizing the power over macroeconomic management of total quantity, we should continue to carry forward the market-oriented reform and revive and display the vigor and vitality of the socialist system rather than just treat the head when the head aches and try to go south by driving the chariot north.

#### **Speech Reviews Reform of Investment System**

HK3112144190 Beijing JINGJI CANKAO in Chinese  
5 Dec 90 p 4

[Speech by Yang Peixin (2254 1014 2450), researcher at the State Council Development Research Centre: "Reform the Investment System and Guard Closely Against Stagflation"]

[Text] The final as well as the most effective part in the trilogy of enlivening the market is activating investment. Only by activating investment can we simultaneously increase investment demand and consumption demand.

So far we have been traveling on the beaten track of relying on state loans and state investment. But if we try to enliven the market only with these two measures, we may very likely find ourselves confronted with stagnation and inflation.

Reform the investment system, decentralize construction projects, make enterprises the main body of investment for

**expanded production, and localities the main body of the construction of social infrastructure.**

To overcome market sluggishness, we have adopted a three-stage plan in which the first stage is activating loans, the second activating purchases, and the third activating investment. The final as well as the most effective of the three is activating investment. Only by activating investment can there be a simultaneous increase in both investment demand and consumption demand. However, if we rely solely on state banks' loans and state investment in the enlivening effort, we may very likely be heading back to the old situation of inflation; except that this time there would be inflation as well as economic stagnation.

In the fourth quarter of 1989 an attempt was made to enliven the market by increasing bank loans by 125.6 billion yuan; and in the first three quarters of 1990, a total of 142.964 billion yuan in loan had been issued. Together, loans amounted to 268.564 billion yuan. Moreover, the high season of farm product procurement, due toward the end of this year, will necessitate another 100 billion yuan in loans. All told the total amount will reach 368.564 billion yuan. With such a vast credit injection, the national output value, calculated on the 1983-89 credit efficiency rate, should have risen by 16 percent as against the merely three percent or so rise this year. This indicates that returns on the credit activation effort have been very low. This year's investment activation has increased investment in capital construction by 15 billion yuan, technological renovation loans by 5 billion yuan and infrastructure loans by 5 billion yuan, but it has proved difficult to get money to where it is most needed. So far we are still traveling on the old path of relying on state loan and investment. When industrial production slid in February 1986 we released circulating capital loans and, as a result, the industrial production rate climbed up. But the development in the end triggered in 1988 violent inflation, price hikes, and a wave of panic buying. Generally, the time lag between release of bank loans and the moment the money goes into circulation, is six months to one year. In the fourth quarter of 1989 there was enormous release of loans. In September 1990 the money began to go into circulation. That very month saw the release of another 12.1 billion yuan of currency into circulation. The release continued in October. If our activation efforts continue to rely on financial transfers and banks' fixed assets loans, the only result is increases in release of currency. Last time prices were stabilized chiefly by means of administrative measures. Raw material prices, which had remained high, continued to rise in 1989. But we forcibly stabilized prices by freezing the prices of industrial consumer goods, compensating enterprises for losses and giving price subsidies. To compensate for losses incurred by risen raw material prices, enterprises would want to raise the prices of finished products. In these circumstances more issuance of currency will easily trigger a momentum of price hikes. The present industrial production is at a low-speed growth. So if inflation occurs,

we will be facing national economic stagnation; that is the economy will be experiencing both stagnation and inflation, which we must avoid at all cost, and which we in fact can entirely avoid.

The investment activation I am suggesting will not take the path of letting the state continue to undertake all projects, but, under the premise of reforming in the investment system, will call on enterprises, localities, collective bodies, and the masses to invest. Since reform the pattern of our country's national income distribution has favored peasants, individual households and workers, forming a large body of extrabudgetary capital beside the budgetary finance and, with it, creating a trend of diversifying investment main bodies. According to a finding by the State Statistics Bureau Investment Research Institute, gross investment in 1988 was 449.6 billion yuan, 9.1 percent of which was state investment, 20.6 percent within-the-country [as published] investment, 5.7 percent made use of foreign capital, and 64.6 percent were self-raised or in various other ways. According to State Statistic Bureau's figures, gross investment in 1988 amounted to 449.6 billion yuan, of which units of whole-people ownership accounted for 276.2 billion yuan, 71.1 billion by those of collective ownership and 102.2 billion by urban and rural residents, of which 86.5 billion was made up by rural residents. Another finding by Guangdong Province reveals that the proportion of extrabudgetary capital in fixed assets investment rose from 36.5 percent in 1979 to 52.7 percent in 1988. All this was the fruit of reform. Investment activation must rely on the favorable situation created by reform, give full play to the capital of enterprises, localities, collectives, and masses, and let them be the main bodies of investment. This way, we can not only activate the production factor market as well as consumer good market by investing in and expanding production, but also avoid falling back on the old path of inflation. Because this kind of investment does not require an increase in, one, financial subsidies or, two, bank loans, which will not lead to more currency in circulation.

Some doubt if there is investment incentive among enterprises, localities, collectives, and the masses. Would they invest? The answer is affirmative.

Since the launching of the enterprise contract system, a few enterprises where the contract system has been long in place and normalized, have maintained their ability in self-accumulation, self-investment, and self-growth even under the present weak market and difficult enterprise capital turnover. The Shoudu Iron and Steel Complex for example, attained better efficiency and enjoyed a 20 percent rise in profits in the first half of the year. It has proposed jointly establishing the Qilu Steel Corporation with Shandong and is ready to build in Jining, Shandong, a large steel plant with an annual production capacity of 10 million tons of steel a year. The advantage of Shudu is good operation management and technologically self-renovating. It has bought the U.S. (Master) Corporation and so can design heavy machinery. Shoudu have

invested 10 billion yuan, and provinces and cities like Shandong and Shenzhen have also invested 10 billion yuan. None of them required the state to allocate any money or loans from state banks. This was a welcomed initiative. We should show care for, encourage, and support enterprises' motivation to expand investment, help them solve difficulties, and support and provide them with coordination. If we are determined to support enterprise technological renovation, overhauling, expansion, and launching new projects, there will appear a new level of enterprise investment, which will quicken the pace of our country's adjustment in production structure and product mix.

Trade and service contract, that is contracting between different trades and services, has scored great results over the last few years. This is particularly true for departments of the Railway Ministry. Relying on self-accumulation, they have attained brilliant achievements, completing the construction of the Hangyang-Guangzhou two-way railway and the new Tianjin Railway Station. For railways there are now plans to construct a great Beijing-Jiulong [Kowloon] railway line; that is, in view of the capacity use of the Beijing-Guangzhou line, building a new trunk railway line running from Beijing, Hangshui, Sheung'ou, Fuyang, Xishui, Jiujiang, Nanchang, Ganzhou, through Meixian and Shantou in Guangdong, and to Jiulong, 2,200 km in full length. The line will be jointly constructed by 10 provinces and cities and requires 15 billion yuan in investment. Under negotiation is also the second Euro-Asian bridge running from Lianyungang Port, Lanzhou, Xinjiang Province, joining the Soviet Tuxi Railway, and there going through East and Western Europe to Rotterdam in Holland. This railway line will play an important role in the opening up of Xinjiang, Gansu, and Qinghai. The first Euro-Asian bridge is joined at both ends by the great Russian Siberian Railway and Middle East Railway, thus forming a corridor from Dalian to Western Europe, which has sped up the opening up of northeast, with the population there jumping from 11 million before the opening of the railway line to 32 million in the early 1930's. Outgoing cargo value increased from 16 million taels in 1903 to 3.1 billion taels in 1917.

Localities are becoming the main investing body of social infrastructure. Guangdong is constructing the 371 km Guangzhou-Maoming railway. The Changping-Huizhou section of the Meixian-Shantou Railway line is under construction. Zhejiang is building the Wenzhou-Jinhua Railway. Fujian is constructing the Quanzhou-Zhangzhou Railway. Guangxi, the Nanning-Kunming line; Jiangsu, the Xinyi-Nantong line, the Nanjin-Yangzhou line and Wuxi-Yixing line. The Heihe-Longzhen Railway in Heilongjiang Province measures 241 km in length and is operational. Highways, piers, bridges, power and water supply, and telecommunications are all being built and extended in various localities.

A pattern of diversifying the main body of investment has been established since the launching of reform. Under this situation, to centralize local and enterprises' capital would thwart their activeness. A realistic choice would be to delegate construction projects to localities, enterprises, collectives, and the masses, and make enterprises the main body of investment for expansion and reproduction, localities the main body for social infrastructure construction, and conduct adjustment with capital.

Therefore, the current economic structural reform should focus on reform in the investment system, perfecting the contract system, and systems like local financial responsibility system, and strengthening their self-accumulation and self-investment power.

### Introduction of Stock System Urged

HK0101143691 Beijing JINGJI CANKAO in Chinese  
11 Dec 90 p 4

[Speech by Wan Dianwu (8001 0368 2976) under the heading "Economists' Forum": "Scientifically Evaluate the Double Retrenchment Policy and Appropriately Increase the Weight of Reform"]

### [Text] Prescription of Strong Dosage To Deal With Inflation Is Right.

Today, there are some comrades who maintain that the sluggishness of the market is the result of an excessively severe double retrenchment policy which was implemented earlier. I beg to disagree with this kind of argument. Looking back to 1988, the market experienced four major cases of panic buying, with bank runs even taking place in certain areas. The retail price index for the entire year rose to 18.5 percent, with big cities registering even higher figures. The economic order was in chaos while the economic environment deteriorated. The market was turbulent while the people were consumed with anxiety. The prominent contradiction in the economic life of the time was the severe inflation. Faced with such a grave situation, should the so-called "soft landing" be repeated or strong dosage be applied to remedy the situation once and for all? Experience has shown that the latter policy was the correct one. In less than two years' time, simultaneous with the adoption of a double retrenchment policy, steps were taken to step up political and ideological education, tighten administration and rectify market discipline, producing remarkable results which saw prices stabilize, the market prosper and the people put at ease. The country's retail price index from January to September this year rose by only 2.3 percent compared to that of the same period in 1989. Instead of increasing steadily from a double-digit figure, the rate of price increases dropped to only 2 to 3 percentage points. These were not easy to achieve.

### Helplessness Before a Sluggish Market

To a producer and a manager, a sluggish market appears to be a catastrophe. Sales of numerous commodities were

very poor, especially compared with the certain degree of artificial prosperity which appeared in 1988 and in the past two to three years characterized by very serious inflation. The situation would indeed strike one as pathetic and gives reason for grave concern. I have asked some consumers, however, and they seemed to be quite satisfied with the present situation where there is abundant goods, greater choice, stable and reasonable prices, and even improvement in the quality of service. I do not agree with this daily lament about sluggishness and disapprove even more of using it as an excuse to put off subjective efforts. Market sluggishness does exist and does pose a difficulty, but to a manufacturing and operating enterprise, it is also an opportunity. At the Asian Games, the shopping center and the various exhibitions were filled with enthusiastic visitors and shoppers; did this not prove that the sale of many commodities was quite brisk? The key lies in that manufacturing and operating enterprises should confront the sluggishness by making subjective efforts, devise ways to tackle the market, actively raise the quality of their products, step up after-sales service and strive to expand the rural markets as well as tap international markets. Some makers of home appliances have done well in this area as their products continue to enjoy satisfactory sale despite the sluggish market. There is clear proof of this.

In many countries of the world, the principal way out of an economic recession is for enterprises to cut production, stop production or even close down, lay off workers, adopt new techniques, develop new products, and gradually move toward recovery. As we are a socialist state, we cannot adopt these measures because they could lead to many social problems. Therefore, the only way out of a sluggish market is a slow recovery. There is one measure, however, which should be adopted, and that is: The need to carry out technical innovation with existing equipment, develop new products or even upgrade or replace old products so as to adapt to market needs. Hence, the sluggishness of the market should not be blamed on excessive severity of the double retrenchment policy. Rather, it should be noted that in many ways, our existing structure still cannot allow for the economy to rapidly shake off the sluggishness and move toward prosperity. The only way is to continue to persist in economic improvement and rectification, find the deeper causes of the sluggishness, adopt decisive and necessary reform measures, increase the weight of reform, and promptly spur on the reforms. It is absolutely necessary not to be satisfied with the initial results gained in economic improvement and rectification, and definitely not to dilly dally or turn backward along the path of reforms.

#### **Two Suggestions on the Recent Deepening of Reforms.**

The reform of the economic structure is a comparatively protracted, comprehensive, and systematic process. Many comrades have already given countless constructive opinions on this. I should like to dwell specifically on two suggestions here.

#### **Appropriately Expand the Experiment on the Introduction of Joint Stock System in Enterprises Under Ownership by the Whole People.**

At present, the cash on hand of urban and rural residents totals some 200 billion yuan, while savings deposits stand at more than 700 billion yuan. An assault of the market would be inevitable given the slightest commotion. A stable outlet should be found for this surplus cash. The purchase of some stocks by people with excess money and the investment of idle capital in the development of production is a good option. Currently, many peasants with extra cash tend to use it for repair of houses, extravagant wedding and birthday celebrations, and even the repair of tombs and temples. Consumption capital was not reinvested in production. As for urban residents who prospered, the first thing to do was to purchase consumer items which are new, big, novel and of foreign-make. Or they embarked on a lavish eating and drinking spree, or even indulge in a life of debauchery. Why not increase an outlet for the expansion of accumulations? Looking at enterprises under ownership by the whole people, the leasing and contracting system is undergoing further honing and shows much vitality, but the demands accompanying an introduction of a joint stock system are higher. For enterprises which have strengthened the "three boards and one system" (board of directors supervisory board, executive board and system of managerial responsibility), have clearly-defined property rights, and separation of power, responsibility and profit, their operations and management are unlikely to be ill-organized. In addition, enterprises are likely to form an association and the core of this association will have to carry out a joint stock system so that an unpredictable "romantic" relation may be transformed into a "marriage" with legal constraints and the superiority of a stable collective entity will be given full play. At the same time, this conforms with the state's macroeconomic regulation and will also prevent the likelihood of a contract being broken easily. Looking at the country in its entirety, with its large population and underdeveloped economy, the introduction of foreign capital may be vital for the economy to take off, but reliance on foreign capital alone cannot solve our country's problems regarding construction capital. Besides, the foreign capital brought into the country has to be matched with corresponding capital from the country. An important fundamental fact is that 10,000 to 20,000 new laborers enter the labor market in our country annually and it is necessary to arrange work for them. With each person requiring an average 10,000 yuan worth of means of production, more than 100 to 200 billion yuan of capital would be needed. Hence, given the financial difficulties of the state and the limited financial resources of the public sector, it is entirely feasible to tap the resources in the private sector and adopt correct policies to divert the people's idle capital into production and construction. Introducing various forms of the joint stock system to attract capital is undoubtedly an excellent method.

**Further Readjust the Structure of the Ownership System and Allow the Appropriate Development of Some Private Enterprises.**

Certain private enterprises operate behind the label of collective enterprises; in fact, they should be allowed to be called their factual names. Some individual households have made their fortunes; actually, there are thousands, hundreds of thousands and even millions of them. If they are allowed to hire people and operate as genuine, regular private enterprises, they could be rendering a service to society. If a vendor is given a permanent stall, urged to put up his own signboard and to build a name for himself through production and operation, this would be beneficial in many aspects: Ensuring state tax collection, safeguarding the interests of consumers, promoting urban construction, developing commercial networks, and absorbing labor force. For instance, promoting private enterprises in the domains of the food, service and commercial retail industries would be quite desirable. This way, plant managers, store managers, technicians and experienced shopkeepers who are adept in management and operation can be gradually trained. Naturally, corresponding steps should be taken to reinforce the law and step up management, guidance and education so that their productive and operational activities would adapt to the need of socialist economic growth.

**Ministry Cites 7th Plan Steel Production Figures**

*OW3112184390 Beijing XINHUA in English  
1437 GMT 31 Dec 90*

[Text] Beijing, December 31 (XINHUA)—China produced 295 million tons of steel during the Seventh Five-Year Plan period (1986-1990), with this year's steel output reaching 66 million tons, an increase of 19.2 million tons over that in 1985.

These statistics, which were released today by the Ministry of Metallurgical Industry, indicate that China registered an annual increase of 3.8 million tons in iron and steel production during the Seventh Five-Year Plan, an official from the ministry said.

In the past five years, he noted, China invested 67 billion yuan in the iron and steel industry and increased its production capacity by tens of millions of tons, including 13.71 million tons of steel, 9.5 million tons of pig iron, and 15.95 million tons of rolled steel.

In 1986, China's steel production surpassed 50 million tons. However, the figure broke 60 million tons in 1989, making China the fourth largest steel producing country in the world, behind only the United States, the Soviet Union and Japan.

During the Seventh Five-Year Plan period, China's iron and steel industry emphasized diversification and improved quality. The industry's efforts resulted in the enhancement of both quantity and quality.

In 1990, China produced 18.89 million tons of steel plates, pipes, and other materials that were in short supply on the domestic market. The figure is 48 percent higher than that in 1985.

The country's key iron and steel firms completed 462 production lines, thus increasing China's production of international-standard iron and steel to more than 20 million tons, compared with four million tons in 1986.

Local enterprises also saw a rapid development during the past five years, their increases in steel and iron production accounting for 40 percent and 48 percent of the total increases of the country respectively.

Meanwhile, the state's key projects proceeded smoothly. The second phase of the Shanghai Baoshan Iron and Steel Complex went into full swing, cold rolling, hot rolling and continuous casting projects were completed on schedule and put into production.

While China's iron and steel production increased by 40 percent during the last five years, energy consumption rose by only 15 percent, according to the ministry's sources. Some plants, including the Anshan Iron and Steel Complex in Liaoning Province, the Capital Iron and Steel Complex in Beijing, and the Baoshan Iron and Steel Complex in Shanghai, consumed less than one ton of standard coal to produce one ton of steel.

## East Region

### Li Zemin Gives Speech on Social Sciences

OW0101165791 Hangzhou ZHEJIANG RIBAO  
in Chinese 21 Dec 90 pp 1, 4

[Speech by Li Zemin at the Second Congress of the Zhejiang Provincial Federation of Societies of Social Sciences in Hangzhou on 20 December: "Enhancing the Sense of Urgency and Mission of Improving Theoretical Work in the Social Sciences From a Strategic Height"]

[Text] Comrades:

The Second Congress of Zhejiang's Federation of Societies of Social Sciences opened ceremoniously today. This is a major event in the province's social sciences circles. On behalf of the provincial party committee and the people's government, I extend my warm congratulations to the congress and, through the congress, to the province's social science workers.

In the six years since its establishment, in order to strengthen links between the party and government and the vast number of social science workers, develop and bring prosperity to Zhejiang's social science undertakings, and promote the development of socialist material and spiritual civilization in the province, the federation has done a tremendous amount of work and achieved notable success in uniting the large number of social science workers in the province; upholding the party's line, principles, and policies adopted since the Third Plenary Session of its 11th CPC Central Committee; conscientiously implementing the party's basic line; constructively exercising its unity, organization, coordination, and service functions; conducting studies, education, and propaganda on Marxist theory; organizing topical research and academic exchanges; popularizing knowledge about social sciences; and providing consultative services. Particularly during the turmoil and counterrevolutionary rebellion in the capital at the turn of the spring and summer last year, most social science workers withstood the test. This contingent can be trusted by the party and government. I hope that while seriously reviewing and summing up its work in the past six years and fully affirming its results, the congress will take further steps to understand the situation clearly, clarify its mission, and build its spirit to strongly promote the province's social science work through the collective effort of the large body of social science workers. The following remarks will discuss a few ways of improving the province's theoretical social sciences work.

#### 1. Clearly Understand the Situation and Enhance the Urgency and Mission of Improving Theoretical Work To Improve Social Sciences Ideology

Currently, the international situation is experiencing great changes. The nation's mission to construct is a weighty one. Our party and country are at a critical juncture in historical development.

On the international scene, opposition Western forces are taking advantage of the relaxation of the international situation, especially as socialist countries turn to reforms. They are using infiltrative politics, economy, culture, and thoughts to apply their strategy of "peaceful change" in socialist countries so that "victory without war" can be achieved. Ever since last year, the international scene has experienced great changes; the international communist movement has met with heavy setbacks. This shows that although military confrontation between the world's socialist and capitalist countries has diminished, confrontations between the proletariat and capitalist class, between the opposing systems of socialism and capitalism, and between the opposing systems of Marxist and anti-Marxist ideologies are still very sharp and complicated. This will continue in long term on the international scene. Looking at our country, due to the infiltration of international opposition forces and the effects of cracks in the international communist movement, coupled with the influx of capitalist ideologies, attempts to deny socialism and party leadership created serious ideological and theoretical chaos. Last year, we were victorious in stopping the riots and counterrevolutionary rebellion. This does not mean, however, that the fight against the capitalist class is over. The confrontation and fight with capitalism which centers around four principles will continue over the long term. Class struggle within a definite scope will also exist over the long term. We have to see clearly that opposition anti-China, anti-communism, and anti-socialism forces both inside and outside the country are joining hands to attempt to overthrow the socialist system. This is the main threat our party and country will have to face from now on. We must fight capitalist and other anti-Marxist ideologies with determination by filling our minds with Marxist ideology. We must take a clear stand and fight against infiltration, subversion, and "peaceful changes" to ensure that our country will go forward by always following the socialist road.

The building of socialism with Chinese characteristics is a product of our party's practical and collective combination of the basic theory of scientific socialism and modern China. This is the great banner which leads us in a continuous advance. In the course of pushing this great practice forward, we have obtained great achievements and accumulated rich experience in the last ten years. In the next ten years, we have to reach our strategy's second target by continuously advancing construction and reform and developing the economy. This will have decisive significance in the realization of the construction of a modern socialism in our country. The task we face is very great and difficult. From an objective point of view, we have to further utilize Marxism and Mao Zedong Thought as guides in seriously studying new conditions, new problems in reform and opening up, and economic and social development. We have to make practical analysis and solve emerging conflicts while progressing, and must exercise the leading effect of ideology, to open the way for deepening reform and socialism's modernization.

It is necessary to greatly strengthen Marxist theory, especially to create a strong, clear-minded, and combat-effective Marxist theoretical force, in order to thwart the schemes of "peaceful evolution" by Western reactionary forces and to build socialism with Chinese characteristics. History shows that Marxism developed in combat and practice. Marxism has been maligned in recent years, with the Western bourgeoisie claiming "bankruptcy" for it and a "fiasco" for socialism. Some people in socialist countries have grown skeptical and uncertain of Marxism and socialism. Some have even deviated from, and abandoned, Marxism. As a result, Marxism and socialism face serious challenges. As Marxists and Communists, we should courageously take up various challenges and use the powerful theoretical weapon of Marxism to roundly criticize various reactionary Western bourgeois theories, to expose and denounce the various erroneous theoretical views disseminated by proponents of bourgeois liberalism, to criticize and resist various incorrect ideas, and to uphold and defend Marxism. Besides, it is essential to seriously study and resolve the various problems encountered by our country in socialist practice and to enrich and develop Marxism. It should be noted that now is the opportune time to uphold and develop Marxism and to enliven social sciences. The broad masses of social scientists should better familiarize themselves with the situation, enhance the sense of urgency and mission from the strategic high ground in the Marxist-dominated theoretical work of social sciences, and make strenuous efforts in this regard.

## 2. Define Tasks and Work Hard To Create New Situation in Theoretical Work on Social Sciences

In his speech commemorating the 40th anniversary of the country's founding, Comrade Jiang Zemin said: "In light of the many new situations and new problems in the world and in China, as well as our party's important responsibilities in China's socialist construction and its important status in the international communist movement, it is imperative to regard as an urgent task the effort to study and research basic Marxist theories and to examine and explore major contemporary political, economic, and social theoretical issues under the guidance of Marxism, and to put the task before the entire party." Comrade Jiang Zemin's speech is a guiding ideology that must be observed by theoretical workers in social sciences. According to this guiding ideology, the principal tasks in our province's theoretical work on social sciences include implementing the party's basic line comprehensively and correctly under the raised banner of Marxism and Mao Zedong Thought; conducting thorough reforms in various fields, including the political, economic, cultural, and social spheres, with a view to tackling the theoretical and practical issues involved in building socialism with Chinese characteristics; waging a relentless struggle against all forms of anti-Marxist ideologies; and studying new circumstances, summing up newly acquired experiences, and resolving new problems through the practical linkage of reform, opening, and socialist modernization.

First, it is essential to intensify research and propaganda in scientific socialist theories and to demonstrate, both in theory and practice, the superiorities of socialism and the fact that the replacement of capitalism with socialism is an objective law of historical development and an irresistible general trend. It is also necessary to conduct an in-depth analysis of the historical necessity for China to follow the socialist path; to seriously draw lessons from efforts made in socialist modernization since the founding of New China, especially in the 10 years or so since the policies of reform and opening were implemented; to publicize scientific socialist theories; to reject distorted and supplementary non-Marxist elements; to strengthen faith in scientific socialist ideology; and to bolster the conviction that only socialism can save and develop China. We should conduct thorough research into the new situations and new characteristics of the present-day capitalist political, economic, cultural, and social systems; reveal the decadent and degenerative nature and insurmountable basic, intrinsic contradictions of such systems; sum up both positive and negative experiences in the international communist movement; and expose the deceptive and harmful character of anti-Marxist ideology. We should also enhance our resistance to "peaceful evolution" launched by Western reactionary forces; continuously deepen the struggle against bourgeois liberal ideas; constantly intensify education on this struggle; conduct an overhaul of befuddled theoretical and ideological values; and instill scientific socialist ideology in the people. It should be noted that the struggle against bourgeois liberalism is in line with the preservation of political stability. Political stability and unity can only be consolidated and developed by unremittingly opposing bourgeois liberalism, which is the biggest politically destabilizing factor. Currently, the whole province is launching extensive education in socialism. Our theoretical workers in social sciences should actively participate in this education, which we should deepen by focusing on its major issues and problems in conducting theoretical research and propaganda.

Second, it is necessary to intensify research and exploration of the major issues in reform, opening, and socialist modernization; to gain a gradual understanding of the inherent laws of reform and construction; and to guide and promote sustained, stable, and coordinated economic development throughout the province. We should allow ourselves to be guided by the theory of building socialism with Chinese characteristics; conduct in-depth research; and correctly handle the relations between upholding the four cardinal principles and adhering to the policies of reform and opening, between promoting reform and seeking stable development, and between carrying out economic reform and political reform. We should also earnestly study important economic theories such as the combination of economic planning with market regulation and the development of a diverse economy founded primarily on public ownership, and assiduously study ways to properly handle centralism and decentralism in accordance with the need

to improve the economic environment, rectify economic order, and deepen reform, while taking into account the interests of the state, collectives, and individuals. It is essential to improve the local economies while working to protect centralism. We should explore ways to readjust the industrial structure, product mix, and organizational structure of enterprises; to deepen rural reforms and urban economic reforms, especially reforms in enterprises and circulation; to expedite the pace of opening to the outside world; and to further develop an export-oriented economy by seizing on the opportune time of developing and opening up Shanghai's Pudong and by exploiting the favorable conditions afforded by our province's location on the southeastern coast. Currently, we are studying and working out the "Eighth Five-Year Plan" for our province as well as a program for economic and social development for the next decade. While fully affirming our achievements, we should carefully analyze the current situation as well as difficulties and problems that are likely to occur in future development. We should further define the thinking and focus of our work and map out corresponding strategies and measures. The broad masses of theoretical workers in social sciences should make active contributions to the formulation and implementation of the "Eighth Five-Year Plan" and the development program for the next decade.

Third, it is necessary to step up research and propaganda of Marxist theories on party building and the theories concerning the building of socialist spiritual civilization and the building of democracy and the legal system. It is necessary to maintain a socialist orientation in reform and construction. We should study and criticize various erroneous views that negate party leadership and slight party work. We should draw a clear line of demarcation between Marxist theories on party building and anti-Marxist views. We should thoroughly study such questions as how the party, while holding office under the situation of reform and opening to the outside world, should keep its character as the vanguard of the working class and maintain its advanced nature and purity; how the party should persistently be strict with its members and promote ethical integrity among them; and how to uphold and improve democratic centralism and enhance the fighting power of party organizations. We should expose the falseness and danger of bourgeois democracy, study and handle well the relationship between socialist democracy and socialist legal system, and draw a clear line of demarcation between socialist democracy and capitalist democracy, as well as between socialist democracy and ultra-democracy or anarchism. We should adhere to the principle of building the two civilizations simultaneously, conduct thorough research on how to make great efforts to promote the building of spiritual civilization and ideological and political work, seriously sum up good experiences, good examples, and good methods in this regard, generalize relevant theories, and further improve them. We should study how to improve educational measures for youth in accordance with the requirements for training young people with lofty ideals,

moral integrity, education, and a sense of discipline. We should arm the young generation with Marxism and Mao Zedong Thought. We should study how to take various actions to publicize and spread basic Marxist theories, popularize cultural and scientific knowledge, advocate socialist morality, and improve the overall quality of the people.

### **3. Pay Attention to Improving Ourselves and Overall Quality of Theorists of Social Sciences**

With the progress of reform and construction since the Third Plenary Session of the 11th CPC Central Committee, the contingent of theorists of social sciences in this province has become stronger and stronger in the course of practice. At present, there are more than 100,000 theorists in this province; and generally speaking, they are quite good politically and vocationally. However, some of them are still unable to meet the demands of the changing situation and tasks. The major problem is that some comrades still lack adequate knowledge of basic Marxist theories. They have read a great deal, but they have not studied Marxism sufficiently, nor have they truly and completely understood basic Marxist theories. They are unable to conscientiously use Marxist stands, viewpoints, and methods to correctly analyze and appraise various erroneous thinking and complex social phenomena. Some comrades are more or less divorced from the masses and from practice. They have not made sufficient efforts to integrate theory with practice. They do not know how to use basic Marxist theories to analyze and study the new circumstances and new problems in the course of socialist modernization and reform and opening to the outside world. Some of them even have the wrong idea that it is easy to commit mistakes when doing research on current problems, and they advocate that theoretical study should be limited to theories and be kept far from reality, the farther the better. Under the influence of bourgeois liberalism, a small number of people have doubts about Marxism and socialism. As their faith in Marxism and socialism wavers, they fluctuate in their political orientation. We must pay great attention to these problems and adopt effective measures to strengthen the contingent of theorists of social sciences.

In order to strengthen the contingent of theorists of social sciences and improve its overall quality, the broad masses of theorists of social sciences should first keep firmly to a correct political orientation and be able to withstand rigorous tests politically. The theorists of social sciences should be armed with a Marxist world outlook, strive to overcome all nonproletarian thinking, further strengthen their faith in socialism and communism, firm up their belief in Marxism, and be able to withstand the test of any political storms. As fighters on the ideological front, we social scientists should particularly emphasize the necessity to conscientiously identify ourselves with the party Central Committee ideologically and politically, as well as in deeds, seriously implement the party's basic line, defend and uphold the four cardinal principles, and wage a resolute struggle against

bourgeois liberalism. Second, it is necessary to seriously study Marxism and have an adequate knowledge of theories. Marxism is the basic guide for our social science theoretical work. Theoretical workers in the social sciences should seriously and painstakingly study and research the works of Marx and Lenin, and the works of Mao Zedong, Deng Xiaoping, and other revolutionaries of the older generation, and have a complete, systematic, and accurate grasp of the basic theories and scientific system of Marxism and Mao Zedong Thought. It is necessary to maintain a study style of integrating theory with practice, know how to use Marxist stands, viewpoints, and methods to study and explain practical problems, and constantly improve our knowledge of theories in the course of studying and using theories. Third, we should go deep into the realities of life among the masses, take a rigorous, scientific, and realistic approach to studies, and have a good work style. The masses' wisdom and practice will bring about the development of social sciences. Social sciences theorists should firmly take the road of integrating with workers and peasants and with practice. It is necessary to learn from the masses, learn in the course of practice, seriously sum up the people's experience of creation, and take nourishment from the people's creative activities. We should know how to apply our knowledge of scientific theories and our successful research results in production, social practice, economic construction, and the building of spiritual civilization.

Young theoretical workers are an important component of the contingent of social sciences theorists. Judging from the current situation of this province's theoretical workers, it is of special significance in strengthening the contingent of young theoretical workers and helping them mature as soon as possible. Young theoretical workers are keen in mind, full of vigor, and more amenable to new things, new views, and new methods. This is conducive to their bold exploration and creation in theoretical work. They have never been tested, however, by the democratic revolutionary struggle, their participation in socialist revolution and construction is not yet lengthy, they lack practical experience and are not very familiar with China's realities and the history of struggle of the Chinese people, and they still have some weaknesses and shortcomings. While we should show warm concern for them and use them boldly, we should also set strict demands for them and actively guide them. We should educate them to know their own weaknesses and shortcomings, and we should encourage them to take part in reform and construction, study society and our national conditions, and enrich their own experience and knowledge in the course of practice. We should educate them to carry on the fine traditions and work style of our party's theoretical workers, put the cause of the party and the people above all else, seek truth, work hard, be willing to offer their service, and strive to be firm Marxist theoretical workers. Party organizations at all levels should particularly pay attention to selecting theoretical workers from among workers, peasants, and grass-roots-level cadres who have practical experience

and certain theoretical knowledge, to constantly strengthen our contingent of social sciences theorists.

#### **4. Adopt Effective Measures To Strengthen Party Leadership Over Social Sciences Theoretical Work**

Strengthening party leadership over social sciences theoretical work should begin with enhancing theoretical workers' ideological understanding. We should seriously draw a profound lesson from the mistake of "being tough on one hand and soft on the other" of the preceding several years. We should not regard social sciences theoretical work as an unimportant "flexible task." Instead, we should regard it as an "inflexible task," a very important part of the party's ideological and theoretical education and the effort to build socialist spiritual civilization. We should respect knowledge and talented people, show concern for and support the work of social sciences theorists, befriend them, understand their thinking, and listen to their opinions. We should do ideological and political work seriously and meticulously, adopt effective measures to create good working conditions for theoretical workers, be concerned about their well-being, and do all we can to solve problems for them.

We should pay attention to giving play to the role of social sciences theorists in socialist modernization and in reform and opening to the outside world. Leading comrades in party and government organizations should constantly give them assignments, organize them to go into the realities of life to conduct study and investigation with respect to economic construction, party building, and the building of socialist spiritual civilization, democracy and the legal system, organize them to take part in the democratic and scientific process of policy-making, and use this contingent well.

We should continue to uphold the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." This principle is in unity with the four cardinal principles and does not contradict them. As far as the study of social science theory is concerned, we must uphold the four cardinal principles so that we can resist and surmount interferences from bourgeois liberalization and provide a good political environment for normal academic activities. We should, under the premise of upholding the four cardinal principles, work hard to promote academic freedom and freedom of creation. We should continue to encourage contention among different academic schools and different academic viewpoints, and encourage social science researchers to study realistic issues of China's construction and reform, study the situation abroad, and report to us analytically on progress made abroad. We must encourage them to emancipate their minds and say what they want to say. We must strive to create an atmosphere in which people can explore and bring forth new concepts so that proponents of different academic views can understand each other and learn from each other. Within the sphere of academic research, we should encourage people to make factual and persuasive criticism and

countercriticism. On the ideological and theoretical front, we must create the good atmosphere of democracy, unity, pursuit of truth, and submission to truth.

The Federation of Societies of Social Sciences is a mass organization under the CPC leadership. It serves as the bridge and bond with which the party and government maintain contacts with the vast number of social sciences theorists. It is also the means party committees rely upon to organize and accomplish many projects relevant to social sciences. The federation plays an extremely important part in promoting and developing Zhejiang's social science studies. Thus, while we must exercise stronger leadership over the federation, we must support it so that it can operate independently in line with the distinctive characteristics of social sciences.

Comrades, this congress, which provides the forum for representatives of Zhejiang's social science circles to discuss the development of social sciences studies, will certainly have an important impact on Zhejiang's social sciences studies. Following this meeting, the vast number of social sciences theorists should rally together even more closely, heighten their spirit, and work hard to create a new situation for Zhejiang's social science study and make new contributions to reform, opening up, and socialist modernization.

I wish the congress complete success!

I wish you success in your work and good health!

### Central-South Region

#### Lin Ruo Visits Professors, College Students

HK0201045991 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 31 Dec 90

[Excerpt] Lin Ruo, provincial party committee secretary, and Fang Bao, provincial party committee Standing Committee member, went to Zhongshan University today to extend New Year greetings to students, professors, and scholars working in the forefront of teaching and scientific research, and held talks with them to exchange views.

Lin Ruo came back to Guangzhou late last night after attending the Seventh Plenary Session of the 13th CPC Central Committee held in Beijing.

At 0900 Lin Ruo and Fang Bao arrived at Zhongshan University. The university leadership introduced them to professors and students who came to attend the forum. Lin Ruo and Fang Bao shook hands with and greeted them one by one.

At the forum, Lin Ruo, Fang Bao, and teachers and students had a wide-ranging conversation on teaching and scientific research. The representatives of professors and students who took part in the forum candidly raised

their opinions on or made suggestions concerning educational expenditure, training of qualified personnel, and the building of the contingent of teachers.

Lin Ruo said: The problems you raised do exist. We will solve them in every possible way. To this end we have to deepen the reform. We will work out specific and effective measures to solve the problem of building the contingent of teachers so that there will be no lack of successors to carry on teaching and scientific research. I hope professors of Zhongshan University will study the way to deepen the reform to improve our management system. I also hope that you will continue to develop political stability and unity and make new achievements in training qualified personnel. [passage omitted]

#### Guangxi Congress Approves Appointments, Removals

HK0201034591 Nanning Guangxi Regional Service in Mandarin 1130 GMT 30 Dec 90

[Text] The following is a list of personnel appointments and removals adopted by the 20th meeting of the seventh regional People's Congress Standing Committee yesterday:

1. Appointing (Wei Jizhong) (Zhuang Nationality) as Vice Chairman of the Guangxi Zhuang Autonomous Region.
2. Accepting the application made by (Sun Geqing) for resignation as a member of the Seventh Guangxi Zhuang Autonomous Regional People's Congress Standing Committee following his transfer to another work post.
3. Approving appointment of (Chen Bozhang) as chief procurator of the Nanning City People's Procuratorate, appointment of (Li Daren) as chief procurator of the Liuzhou City People's Procuratorate, appointment of (Tan Zhengyu) as chief procurator of the Guilin City People's Procuratorate, appointment of (Long Yaoqiang) as chief procurator of the Wuzhou City People's Procuratorate, and appointment of (Chen Zhengliang) as chief procurator of the Beihai City People's Procuratorate.

#### People's Congress Concludes

HK0201075591 Nanning Guangxi Regional Service in Mandarin 1130 GMT 30 Dec 90

[Text] The 20th meeting of the seventh regional People's Congress Standing Committee concluded in Nanning yesterday afternoon.

The meeting adopted the Resolution on Second Five-Year Plan of Unfolding Legal System Propaganda and Education Among Guangxi Citizens and Regulations of People's Congress Work at Township, Nationality Township, and Town Levels in Guangxi Zhuang Autonomous Region, approved the Regulations of Autonomy for Gongcheng Yao Autonomous County, and adopted relevant personnel appointments and removals as well.

The meeting appointed (Wei Jisong) (Zhuang Nationality) regional vice chairman.

Regional People's Congress Standing Committee Vice Chairman (Huang Jia) presided over and delivered a speech at yesterday's meeting.

When speaking of studying and implementing the spirit of the speech made by General Secretary Jiang Zemin during his inspection in Guangxi and the spirit of the sixth regional party congress, he said: As a local state power organ, our regional People's Congress Standing Committee is duty bound to join hands with the regional government, the regional court, the regional procuratorate, and the people of all nationalities in making active efforts as well as due contributions to the implementation and carrying out of the instruction of General Secretary Jiang Zemin and the spirit of the regional party congress.

When speaking of the current meeting's examination and discussion of Report on Agricultural Production, he said: Like the rest of the country, our region reaped another good agricultural harvest this year. All the Standing Committee members have expressed heart-felt satisfaction over this hard-won achievement. The year 1991 is the first year in the Eighth Five-Year Plan. Therefore, to strive to reap another good agricultural harvest and ensure a steady growth of rural economy is of great significance to our region's continued economic, political, and social stability and development. We must fully understand the important position of agriculture and grain, make a sober-minded analysis of the rigorous situation of our agricultural production and rural economy, continue to strengthen, instead of weakening, leadership over agriculture and rural work, practically improve leadership style in light of the existing problems and new developments in rural areas, go deep to the grass-roots level, and conscientiously study and tackle problems in a down-to-earth manner.

When speaking of the work of publicizing laws, he stressed: It is necessary to firmly grasp the key points in this regard. Leading cadres must take the lead in studying and enforcing laws, honestly performing official duties, and handling matters impartially in accordance with the law. Meanwhile, leading cadres must also make great efforts to heighten their own consciousness in making decisions and doing things in accordance with the law, prevent opinionated behavior and egotism, integrate law study with law enforcement, and conscientiously study law in order to enforce law in actual work.

When speaking of People's Congress work in 1991, (Huang Jia) said: Next year marks the fourth year in the tenure of our current regional People's Congress and the first year in the tenure of the newly elected city, county, and township people's congresses. The People's Congress should further push ahead with their work and should work in a creative manner. People's Congress deputies and broad masses of people form the basis of People's Congress work and the source of the strength of

People's Congress work. Next year, our People's Congress work should give more play to its own special characteristics and superiority.

### Henan Holds Conference on Economic Planning

HK0201095491 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 31 Dec 90

[Excerpt] The seven-day provincial conference on economic planning ended in Zhengzhou yesterday afternoon.

The participants heard a relayed report on the spirit of the national planning conference, analyzed the situation, and made arrangements for Henan's national economic development and social progress for 1991.

Provincial party and government leaders including Hou Zongbin, Li Changchun, Wu Jichuan, Lin Yinghai, Yang Xizong, Liu Yuan, et al, attended the conference.

Vice Governor Liu Yuan made specific arrangements for the economic work in 1991. He called for continued effort to: develop the rural economy; readjust the economy, the industrial structure in particular; deepen reform of the circulation system to reduce intermediate links and keep open circulation channels; fully make use of the favorable situation in which the domestic market remains sluggish, prices are coming down, exchange rates are being readjusted, and Western sanctions are being lifted, to expand export in every possible way, especially export of machinery and electrical appliances and textile and other light industrial goods which have high added value.

He said: It is necessary to attach strategic importance to education and science and technology, relying on science and technology to invigorate the economy and education to improve the people's quality. We should also deepen understanding of the necessity of reform and opening to the outside world, increase the awareness of competition for better market benefit and quality, and create favorable public opinion and a social environment for developing the economy and deepening reform.

Wu Jichuan, deputy secretary of the provincial party committee made a concluding speech. He said: We should seek unity of thinking and action by means of the guiding principle of forging ahead in unity to rejuvenate Henan. Departments and units at all levels must adopt the idea that economic construction is our central task; shift their attention to economic construction; do away with their own narrow interests and departmentalism; and judge one's performance by what he has achieved in expanding productive forces.

He continued: The year 1991 is a quality, variety, and benefit year. We should make use of this campaign to improve the performance of this province's industry and economy as a whole. Enterprises should change the pressure from the sluggish market into a motive force to tap their own potential and make vigorous efforts to

improve the quality and increase the variety of their products. The year 1991 is an important year for the 1990's and also the first year for carrying through the Eighth Five-Year Plan. Whether we can make a step forward in economic construction in 1991 will have a direct impact on our efforts to enhance the morale of the people throughout the province and boost their confidence in rejuvenating Henan as well as an important bearing on the economic expansion thereafter. The provincial party committee has set Jiao Julu, (Shi Laihe), (Zhao Chun-e), and (Yang Zhenbei) as four banners and they have struck root in the heart of the people, producing tremendous inspiration. Recently we set 10 banners in the agricultural front and will also set 10 banners in the industrial front. We will also launch a emulation drive for making outstanding achievements in other industries. All levels of party committees and departments concerned should, following the provincial party committee's and government's arrangements, mobilize the people across the province to plunge into the drive. [passage omitted]

#### **Hunan Students Arrested for Arms Theft**

HK3112054690 Beijing RENMIN GONGAN BAO  
in Chinese 11 Dec 90 p 1

[“Three Junior Middle School Students Arrested in Hunan's Changde City for Arms Theft”]

[Text] For the purpose of seeking excitement and amazing the world by a single brilliant feat, three Form-Three students called Yi, Shen, and Tong from a certain middle school in Changde City, Hunan Province, planned a gun-stealing operation code-named “Wolf”. They attempted three times to steal guns from the Armed Forces department's armory of the City Joint Meat Products Factory.

Although they tried in vain to steal guns on 17 and 18 November, Yi and Shen were not resigned to the failure. On 20 November, together with their classmate Tong, they brought with them some sulphuric acid stolen from a chemistry experimental class, and went to the back wall of the armory. They first tried to corrode the steel bars of a window with sulphuric acid but failed. Then, they cut the steel bars with a saw and Shen climbed into the armory through the window. Searching for a while, Shen did not find any portable weaponry except several huge and cumbersome anti-aircraft machine guns, so they were obliged to leave. They planned to seek new objects in the city on the night of 22 November.

Having in hand this clue, Deshan Police Substation of the Wuling Public Security Bureau, Changde City, arrested these three students for examination with resolute and rapid measures, thus putting an end in its embryonic stage to this would-be major case that could have led to serious consequences.

#### **Hunan's 1990 Economic Situation Viewed**

HK0201043091 Changsha Hunan Provincial Service  
in Mandarin 2300 GMT 31 Dec 90

[Commentary by (Peng Qiuying), head of the Hunan Provincial Statistics Bureau, on Hunan's economic situation in 1990: “The Difficult Period Is Basically Over, the Economy Has Begun To Pick Up”]

[Text] In 1990, Hunan, while focusing on maintaining stability and persisting in economic improvement and rectification and deepening reform, formulated 17 measures to set the market in motion. As a result, we succeeded in overcoming various difficulties and enabling the economy to tide over the difficult period encountered since we introduced reform.

This is manifested in three easings, three pickings up, and one breakthrough.

The three easings are: 1) The strain caused by total demand outstripping total supply has eased. The annual difference between supply and demand has been reversed to a favorable balance from the adverse balance found in preceding years. 2) Inflation has eased. The 1990 general level of retail prices dropped by 0.5 percent from 1989, the first instance over the last 17 years in this respect. As prices came down, people felt reassured. The balance of savings deposits in urban and rural areas kept on rising. 3) The situation in which agriculture had lagged behind the growth in the national economy has improved to a certain extent. Hunan saw bumper harvests last year despite serious natural disasters. It is estimated that the gross grain output will amount to 26.75 billion kg, basically keeping level with the output in 1989, which hit an all-time high. Cotton exceeded 100,000 tonnes, rapeseed set a historical record again, live pigs and aquatic products increased by 2.3 and 2.9 percent respectively, and forestry took a turn for the better.

The three pickings up are: 1) The retail market has picked up. It is expected that the total volume of retail sales of social products for 1990 will come to 34.2 billion yuan, a good situation rarely seen in previous years. 2) Industrial production has moved up. During the first nine months of 1990, industrial production registered fairly low growth rates owing to the sluggish market. Since we launched an overall campaign to boost industrial production, however, industries of various economic types have picked up fairly rapidly. It is estimated that gross industrial output value of all industries for 1990 will amount to 49.5 billion yuan, up five percent over 1989. 3) The investment in fixed assets has slightly increased. Society-wide fixed assets investment is estimated at 11.5 billion yuan for 1990, an increase of 0.6 percent over 1989. The investment pattern has been noticeably improved and the construction of key projects has been strengthened.

A new breakthrough has been registered in foreign trade. In 1990 this province established ties with 300 new

customers as well as maintaining ties with an existing 3,000. The 1990 total export volume is estimated at \$780 million, up 17.1 percent over 1989.

However, we should be aware that this province also faced a grim economic situation in 1990, which mainly found expression in: The retail market and the market for means of production remained sluggish in rural areas; peasants' incomes fell slightly due to serious natural calamities; and there was a continued decline in economic efficiency and financial difficulties among enterprises.

Therefore, while not losing sight of the economic pickup, we should face up to difficulties and make up our minds to solve deep-seated problems in economic work. We should unswervingly carry out the principle of economic improvement and rectification and deepened reform and readjust the economic structure to improve economic performance to promote sustained, stable, and coordinated development of the national economy.

### North Region

#### Chen Xitong on Continuing Reform, Open Policy

OW0101014491 Beijing XINHUA in English  
0108 GMT 1 Jan 91

["Round-up: Decade of Economic Boom in Beijing"—XINHUA headline]

[Text] Beijing, January 1 (XINHUA)—Mayor Chen Xitong says that the past decade has been witness to a period of extraordinary prosperity in the economy of Beijing.

Since 1979, Beijing implemented the reform and opening policies in both its rural and urban areas. The system of "everybody eating from the same pot" no longer exists.

The decade has also witnessed the establishment of collective and private ownership, in addition to state ownership which had previously dominated the state economy. The number of individually-owned enterprises in Beijing increased from 2,834 in 1978 to 133,608 in 1989.

In the suburban as well as the rural area, which is the capital's agricultural base, the system of "contract responsibility for production linked to remuneration according to output" effectively aroused the working initiative of the farmers. As a result, by-product production increased several times over in the past twelve years.

Town- and township-owned enterprises increased from 4,000 to more than 18,000, while total income increased from 790 million to 15.5 billion yuan. The products produced by these industries are the most important supplier of raw material for large-scale industries.

Industry in Beijing has also implemented a series of reforms in areas including management, labor, salaries and welfare. The contract management responsibility system was initiated in 1986, and shortly thereafter a system was initiated which allowed managers much more freedom to act on their own.

Beijing's total industrial production value was in excess of 46.7 billion yuan in 1990, or 1.6-fold more than in 1978. The proportion between the city's light and heavy industry has changed from 35:65 in 1978 to 44:56 in 1990. This situation creates a much more suitable atmosphere for economic development.

Reform has promoted not only the development of the city's commerce but also its service industries. State-owned, collective and private businesses increased from 15,000 before the reform to the present 120,000. Total retail sales in the city for 1990 exceeded 30.8 billion yuan, six times more than in 1978.

Beijing has established economic relations with over 100 countries and regions and export value in 1990 surpassed 1.25 billion dollars, 3.3 times that of 1978. The city also recorded investments in advanced equipment and raw materials of over 1.98 billion dollars in the past decade.

Of the over 800 ratified joint ventures, co-operative enterprises and solely foreign-funded enterprises, 340 have started production and their annual production value accounts for 6.7 percent of the city's total.

Tourism also gained momentum and in 1990 Beijing received over one million foreign tourists. The city has also witnessed great improvements in construction efforts.

The capital's average annual per capita income has reached 1,800 yuan (360 U.S. dollars), while 12 years ago it was only 365 yuan (73 U.S. dollars). In addition, most urban families now have color TV's, refrigerators and washing machines.

Beijing Mayor Chen Xitong says that Beijing's success should be attributed to the reform and opening policies which have perfected and developed socialism.

He also says that the city will deepen the reform and continue the opening policy in the years to come, so as to push forward the modernization drive of the city to a much higher level.

#### Xing Chongzhi on Learning From Jiao Yulu

SK0201003691 Shijiazhuang HEBEI RIBAO  
in Chinese 17 Nov 90 p 1

[Text] Xing Chongzhi, secretary of the provincial party committee, made a speech at the rural work conference of Xingtai Prefecture on the afternoon of 16 November. In his speech, he urged that cadres at the county and township levels should act as Jiao Yulu and make efforts to help build new well-civilized and wealthy rural areas.

Xing Chongzhi said: Cadres at the county and township levels are persons to implement the party's principles and policies as well as spokesmen to the masses, and act as a bridge to closely link the party with the masses. So, what they have done is related to the development of the rural work as well as the prestige and image of the party.

Xing Chongzhi said: As required by the cause of the party and the people, our county and township cadres should become excellent cadres like Jiao Yulu. This is a demand for promoting the development of the spiritual and material civilizations, a requirement for building new rural areas characterized by civilization, wealth, and democratic socialism, and a duty for each and every party-member cadre. He urged that county and township cadres across the province should make persistent efforts to promote the work in the following six spheres:

1. They should firmly foster the concept of serving the people wholeheartedly. To be a Jiao Yulu-type cadre, first of all, we should learn about his political character of going into action to serve the people wholeheartedly. In assessing cadres, we should measure their actions instead of their words and judge whether or not they foster the concept of serving the people wholeheartedly and whether or not they have sincerely done practical deeds for the people.

2. They should have a strong sense of devotion to their work and have a strong sense of responsibility. Emphasis should be placed on the word "strong." I think that all county and township leading cadres are devoted to their work and have a sense of responsibility. Perhaps, only a tiny number of them do not have. Here is the question that the majority of county and township leading cadres are different in terms of the sense of responsibility and in the degree of devotion to their work. We should judge whether or not they have a sense of urgency for helping counties and townships develop the economy, improve social order, and promote the work in various spheres; whether or not they have long-term and thorough plans and ideas for promoting the work in various spheres; whether or not they have adopted practical steps and methods for realizing the plans; and whether or not they have tried every possible means to do the affairs that the people ask them to do. We should regard cadres' devotion to their work and their sense of responsibility as an important condition for assessing them.

3. They should have the work style of thoroughly mixing with people at the grass roots, doing practical deeds for the people, and closely keeping in touch with the masses. We may say that county and township cadres are physically among the masses because they are working at the grass roots. So, they have extremely advantageous conditions for going deep to the grass roots, examining the situation of the people, and doing practical deeds for the people. They should understand the people mostly. The majority of the comrades have done so. The most important reason for some localities' failure to implement the party's principles and policies is that some of our cadres do not have the work style of going deep to the

grass roots and doing practical deeds for the people. To learn from Jiao Yulu and to be a leading cadre like Jiao Yulu, we should always be concerned with the well-being of the people. Based on the previous achievements in implementing the guidelines of the sixth plenary session of the 13th party Central Committee, we should conscientiously sum up experiences, further upgrade the work of keeping close contacts with the masses, and unswervingly persist in it.

4. They should clearly understand policies and the legal system. County and township cadres are persons to implement the party's principles and policies and to safeguard the state law. Therefore, they must clearly understand policies and the legal system. In handling questions, we should first take into consideration the policies of the party and the regulations as stipulated in the state law but must not act impetuously or according to our own ways. However, the cadres of some localities still do not take policies into consideration or pay no attention to the law. Some comrades maintained that the grass-roots cadres will not carry out work if they only rely on policies and law. Some comrades thought that administrative orders are the best methods for carrying out the work at the grass roots. Administrative means and policies and legal means are not antagonistic to one another but supplement each other. Administrative orders must be issued according to policies and law. So, the implementation of the "administrative procedural law" has set higher demands on cadres at various levels, particularly county and township cadres. So, we must not only make efforts to study policies and laws but also unswervingly take measures for disseminating policies and laws among the masses. Only when we generally and deeply study policies and laws can we have great facility in applying policies and legal means.

5. They should have the spirit of selflessly sacrificing themselves. Under the new historical situation, we should further carry forward Jiao Yulu's selfless sacrificing spirit in order to learn from him and be Jiao Yulu-type cadres. Such factors as imperfect systems and policies and uncoordinated legal systems have provided objective conditions for creating dishonest activities under the current situation of developing the socialist planned commodity economy. So, the situation asks us to carry forward the selfless sacrificing spirit. Xingtai Prefecture has made unswerving efforts in this regard and set an example for the province. From now on, we should persistently carry forward the spirit. Cadres should vie with each other to play an exemplary role in being honest in doing their official work to withstand the trials of being in power, reforms, opening-up, and "peaceful evolution." Under the circumstances of having difficulties, the Handan City electrical machinery plant set forth a slogan of "doing exercises to benefit its internal organs to deal with the changing situations." Through strengthening the internal management, the plant increased its economic results. I think this slogan can be applied to improving our cadres' administrative honesty and party spirit. No matter how many external

factors there are, the external factors cannot be changed without internal factors. Only when we make efforts to do exercises to benefit our internal organs will we be able to have the strong abilities in resisting dishonest activities and to "deal with the changing situations."

6. They should adopt the attitude of studying assiduously and have scientific work methods. Heavy and complicated work tasks have set forth increasingly higher demands on county and township cadres. So, we should pay firm attention to study to ceaselessly upgrade our ideological and political understanding and professional ability. We still have to study although we are busy in our work. So, we must have an attitude of studying assiduously. The majority of cadres constantly pay less attention to study. Some comrades pay no attention to study when they are busy. Some comrades do not have the habit of studying assiduously even when they are not busy. To change this situation, we have to adopt somewhat "compulsory" means of study. Organizations should put somewhat "compulsory" pressure on cadres, and cadres themselves should "compel" themselves to engage in study. Through study, we will upgrade our ideological understanding, improve our work methods, and do our work more scientifically. Some of our county and township cadres have the problems, such as simplifying their work, adopting a one-sided attitude toward their work, or concentrating on one thing only. So, we should study and practice to conscientiously solve these problems. Particularly under the current circumstances where rural work is extremely complicated and there are many contradictions and problems, we should further learn to use the dialectic viewpoints and systematic methods to analyze problems, handle contradictions, have the situation well in hand, and promote the work. For instance, all localities should positively engage themselves in the construction of the rural socialized service system; but there are no stereotyped rules for the rural areas to set up the system.

### Urges Faith in Socialism

SK0101141691 Shijiazhuang HEBEI RIBAO  
 in Chinese 19 Nov 90 p 2

[Preface entitled "Firmly Establish Faith in Socialism" written by Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, for the book "Speeches on Several Issues Concerning Socialism of the Present Age" compiled by the lecturers' group of the provincial party committee for the province-wide socialist theoretical study]

[Text] In today's world, international hostile forces are conducting infiltration, subversion, and peaceful evolution in socialist countries. This is a life-and-death struggle, which presents a very serious and pressing strategic task for us, namely to educate the entire party and people throughout the country to scientifically understand socialism and capitalism. We also need to firmly establish faith in socialism.

Faith in socialism means to firmly believe that after the victory of the proletarian revolutionary struggle, the bourgeois dictatorship will be replaced by the proletarian dictatorship, and that capitalist society will be transformed into a socialist one where the means of production will be publicly owned, where exploitation will be eliminated, and where everyone will work according to his ability and will be placed according to his job. After that, there will be tremendous development in productive forces and tremendous progress in ideology, politics, and culture. Socialist society will be ultimately developed into a communist one, where everyone will work according to his ability and will be placed according to his needs. It is the spiritual force leading us to settle down and pursue our objective, and it is the guide of our action. There are two kinds of faith—scientific and superstitious. In one kind of faith, religious believers worship God. However, such faith is unfounded, absurd, and sheer nonsense. Bourgeois apologists advocate capitalism as reasonable and eternal. This is also a kind of faith, which, however, becomes a self-comforting faith out of wishful thinking; it is merely idealistic deceptive talk, because such a faith runs counter to the law governing the development of history. We Communists firmly believe that socialism will ultimately replace capitalism, and that the ambitious communist ideals of human beings will be realized. Such a faith is scientific and a truth. This is because it is established on the two major foundation stones of Marxist historical materialism and the theory of surplus value. It conforms to the historical trend and reflects the objective law governing the development of human beings.

According to Marxist historical materialism, the production relations in society are decided by productive forces. In capitalist conditions, production becomes increasingly socialized. The high degree of socialized productive forces demands that the entire society possess and control the means of production, and that all its members share the fruits of labor together. However, in reality, the means of production and fruits of labor are possessed by capitalists. This makes capitalist productive forces and production relations diametrically opposed to each other, thus determining the fact that capitalist private ownership will ultimately be replaced by socialist public ownership. The victory of the October Socialist Revolution and the Soviet Union's achievements in construction, and China's success in freeing itself from the three chains of imperialism, feudalism, and bureaucracy and achieving initial prosperity all have proven that the scientific socialism is a truth.

Today, however, some people doubt and even have their faith in socialism shaken. Conspicuous manifestations of this are that they see the relatively stable development and prosperous scenes in capitalist countries; that they see the fairly large economic difference between socialist countries and some developed capitalist countries; and that, due to the spread of the ideological trend of bourgeois liberalization and some mistakes in our work in the past few years, they have doubts about whether it

is the socialist system or the capitalist system which is better, and about what will become of socialism.

Some changes have indeed taken place in capitalist countries in the West since World War II. For instance, high-technology achievements were used to promote the rapid development of productive forces; social improvement was made in some fields on the premise that the capitalist system remains intact; the major method of controlling and plundering the Third World was changed from colonial rule into exports of commodities and capital; and so on. They have promoted the economic development of capitalist countries and alleviated, to a certain extent, their internal class contradictions and external contradictions, thus increasing the flexibility of the capitalist production relations. However, the development of science and technology and the improvement of the bourgeoisie can only retard the process of the decline and fall of capitalism, but never prevent it from ultimate doom, which is an inevitable trend. As long as the contradiction between the socialization of production and private ownership of the means of production exists, capitalism will meet its doom sooner or later.

It is certain that socialism will ultimately drive capitalism off the stage of history. However, it is also impossible for socialism to win a comprehensive victory smoothly in one move. The process for socialism to win a comprehensive victory is a long and tortuous one full of difficulties and obstacles and even relapses. This is not only because the growth of any new thing takes time, and because socialism, designed to root out the last exploitive system in the history of human beings, is bound to encounter stubborn resistance from all reactionary forces in various fields with 10 times the hatred and 100 times the frenzy, but also because, so far, all socialist countries have had the weak point of backward economies and culture when they entered socialism. It takes a long period of hard work to overcome this weak point.

In the final analysis, some people have a shaken faith in socialism because they lacked a scientific understanding of the essence and future of socialism and capitalism. They often mistook appearance for essence, thus lacking proletarian steadfastness, and they wavered when faced with storms. Therefore, we should intensify the study and publicity of scientific socialist theories. Comrade Mao Zedong said: "What is perceived cannot at once be comprehended and only what is comprehended can be more deeply perceived. Perception only solves the problem of phenomena; theory alone can solve the problem of essence." (Volume One of the "Collected Works of Mao Zedong," p 263) In "solving the problem of essence," we should organize party members, cadres, the public, and, first of all, leading cadres at and above the county level, to conscientiously study scientific socialist theories so that they will upgrade their understanding of socialism and capitalism from the level of "perception" to that of "theory." Facts have proven that only when people have a deeper understanding of socialism can they believe in it and treasure it more sincerely and have a firm faith in it.

The "Speeches on Several Issues Concerning Socialism of the Present Age" compiled by the lecturers' group of the provincial party committee uses the Marxist stand, viewpoints, and methods to analyze some important issues of socialism. It is very helpful in our efforts to clarify the ideological and theoretical right and wrong confused by bourgeois liberalization, to enhance the understanding of cadres and the public of the current domestic and international situations, and to steel their faith in socialism. In line with the realities in our thinking and work, we should conduct intensive study of this book to correctly understand socialism and capitalism and the strategy of "peaceful evolution" carried out by international hostile forces. We should uphold the four cardinal principles, adhere to reform and opening up, and successfully build socialist material and spiritual civilizations. All our cadres should strive to acquire a clear understanding by integrating theory with practice to firmly establish the faith that socialism will succeed. In this way, in the process of building socialism with Chinese characteristics, we will be able to avoid intoxication with success, and we will not waver in the face of difficulties, be in disarray in the face of danger, and be fearful in the face of changes. No storm, however great, will prevent us from steering the ship of socialism to the shore of success.

### Northeast Region

#### Quan Shuren's Article on Theoretical Study

SK2812132390 Shenyang LIAONING RIBAO  
in Chinese 15 Nov 90 pp 1, 3

[Article by Quan Shuren, secretary of the Liaoning Provincial CPC Committee: "Pay Conscientious Attention to Socialist Theoretical Study"]

[Text] At present, cadres at and above the county level throughout the province are conducting the study and research on socialist theories. This is an important strategic measure to raise the ideological and theoretical levels of the party. Scientific socialism is an important component of Marxism, the theoretical foundation to guide our socialist revolution and construction, and a weapon to solve the numerous problems arising in the process of building socialism with Chinese characteristics. Meanwhile, the scientific socialist theories are being continuously enriched and developed in the practice of socialist construction. Party organizations and leading cadres at various levels must attach great importance to the study, and conscientiously carry it out.

A. We should fully understand the importance, urgency and far-reaching strategic significance in studying socialist theories in the new situation.

Arming the cadres of the entire party with Marxist theories has always been a basic task for our party building, and an important guarantee for success in the revolution and construction. The party Central Committee's call for focusing theoretical education on the study

of socialist theories by cadres, especially leading cadres at and above the county level, is a strategic measure if adopted in line with the needs of the situation and in line with the tasks for the current international and domestic struggles and the actual ideological and theoretical levels of cadres. It has not only immediate but also far-reaching strategic significance.

First, we should fully understand the importance of socialist theories from the perspective of upholding the nature of the party as the vanguard of the working class. The guiding principle of our party clearly defines scientific socialism as the guiding thought of the party, and the guide of its action. This is the fundamental symbol differentiating our party from other political parties in ideology and theory. It was with the guidance of scientific socialist theories that our party correctly formulated the line, principles, and policies compatible with the needs in the development of the revolution and construction, overcame numerous difficulties and obstacles, conquered powerful enemies consecutively at home and abroad, became a great, glorious, and correct political party of the working class, and the leadership core of the people of the whole country, and led the people in winning great victories continuously in the revolution and construction. In its history, our party made mistakes, and even suffered serious setbacks. In the final analysis, the reason for these mistakes lies in its guiding thoughts and deviation from the guidance of scientific socialism. Lessons in the failure of some communist parties in the world are worthy of learning lessons from. They suffered setbacks either because they deviated from scientific socialism to become degenerate, or because they deviated from scientific socialism to commit mistakes in guiding thoughts. Countless facts proved that without adhering to the guidance of scientific socialism, the nature of the proletarian political party will change, and the revolution and construction will go astray. In today's world, there are many political parties which claim to be "socialist." They have never taken scientific socialist theories as the guidance, however, and they even opposed scientific socialism. Therefore, whether a party upholds scientific socialism or not determines whether it is truly a political party of the working class. It is because Communist Party members acknowledge and strive to study and master scientific socialist theories that they become advanced elements of the working class. Without studying and mastering scientific socialist theories, they cannot become true communists. For this reason, our party should always and persistently arm the vast number of party members and cadres with scientific socialist theories, and unfailingly take scientific socialist theories as the guide for their actions. Only in this way can our party forever maintain its nature as a vanguard of the working class, and our country forever advance along the socialist road.

Second, we should understand the importance of studying the socialist theories from the perspective of opposing "peaceful evolution." At present, our party and country are facing complex international and domestic

situations and are in the crucial period of historical development. In the development of the world, socialism has met with unprecedented challenges and severe tests. Many new questions need scientific answers and correct solutions. The disturbances and sharp changes in the international political situation during the turmoil and rebellions that broke out in our country last year, urged us to sober-mindedly consider the international and domestic political struggles. The experiences and lessons which we should sum up are: The international anticommunist and antisocialist forces have never given up their conspiracy of overthrowing the Communist Party leadership and subverting the socialist system. "Peaceful evolution" and the struggle to oppose "peaceful evolution" are the main forms of the struggle between two socialist systems and two ideological systems at present. To carry out the socialist construction, reforms and opening up, we must unswervingly adhere to the four cardinal principles, oppose bourgeois liberalization, and must never slacken our efforts for a moment in this regard. If we slacken our efforts, the forces that adhere to bourgeois liberalization, oppose the party leadership, and attempting to subverting socialism, will take the chance to get in. It is no accident that so many people were cheated and hoodwinked during last year's political disturbance. Although there are many reasons, they are all part of our long practice of slackening efforts in or forsaking the ideological front and letting the ideology of bourgeois liberalization run rampant. The hostile anti-communist and antisocialist forces will also sum up experiences and lessons from this. They will understand that our CPC will not voluntarily give up the socialist road. So, they want to speed up their efforts to carry out the strategy of "peaceful evolution," further intensify bourgeois liberalization, and vainly attempt to overthrow the Communist Party leadership and subvert the socialist system. Therefore, in addition to continuously withstanding the test of being a party in power and the test of reform and opening up, our party should also withstand the test of opposing "peaceful evolution." Under the circumstances, whether our party members and cadres can correctly judge the situation amid great storms or not, and whether they can withstand all sorts of adverse currents, adhere to the correct political orientation and be invincible or not, hinge on whether they can use scientific socialism to arm and educate the whole party. It also hinges on whether scientific socialism can make comrades of the whole party become firmer politically, more united ideologically and more mature theoretically, and whether they can be clear minded under any complex circumstances and can be sure that they will not go astray.

Third, we should proceed from the pressing need of unswervingly implementing the party's basic line and continuously promoting the cause of building socialism with Chinese characteristics and deepening our standing of the importance of studying socialist theories. In the course of implementing the party's basic line on building socialism with Chinese characteristics, we have both successful experiences and miscalculations. Only by

combining experience and lessons in the course of practice, conscientiously studying and scientifically grasping the socialist theories can we deeply understand the "one focus and two basic points," and its dialectical relationship, and further enhance our consciousness in implementing the party's basic line. Building socialism with Chinese characteristics is a process of making explorations and blazing new trails by combining theory with practice, and is a cause without parallel in history. If we fail to study socialist theories, it is impossible for us to solve the problems facing us and to advance along a correct orientation. Our blind and undetermined actions in the course of reform, opening up, and modernization construction are caused by our poor socialist theoretical foundation. In order to realize the four modernizations, our party has formulated the "three steps" development strategy, and now we have already realized the first step. Over the next 10 years, it is crucial to make a good second step. This requires the greater efforts of the comrades of the whole party to closely combine the scientific socialist basic theories with the reality of socialist modernization construction, reforms and opening up, to unceasingly solve new problems, and to explore ways to build socialism with Chinese characteristics in the course of practice.

Fourth, proceeding from the strategic need for cultivating successors to the socialist cause, and placing party and state leadership power at various levels in the hands of the people truly loyal to Marxism, we should understand the far-reaching significance in studying socialist theories well. Accomplishment of the grand goal of socialist modernization requires persistent and hard work of people of several generations. All our leading cadres shoulder the heavy task of implementing the party's line, principles and policies, and whether the socialist cause will succeed or fail is decided, to a great extent, by the ideological and theoretical levels of cadres. In particular, most of the current young and middle-aged cadres constitute a generation who will go beyond this century, who live in a period crucial to China's development, and who shoulder the historical heavy task of carrying forward the revolutionary cause pioneered by their predecessors and forging ahead into the future. It is also on the younger generation that domestic and foreign reactionary forces place their hope for overthrowing the communist leadership and subverting the socialist system. Therefore, we should remain highly vigilant against this. After 10 or 20 years, whether party and state leadership power at various levels is held by the cadres loyal to Marxism is a matter deciding whether China's modernization will succeed or fail, and whether the party and the state will prosper or decline, and a matter deciding on the destiny of socialism in China. Therefore, it is both a pressing task and an important long-term matter that we educate cadres of the entire party with socialist theories in the new historical conditions to make them have firmer ideals and faith, and a clearer political orientation, and then to ensure the continuation and stability of our party's policies. The entire party should attach great importance to it.

Historical experiences have told us that following a major struggle will come an upsurge in extensive and in-depth theoretical study. This is the need of the struggle, and also the result of its development. Theoretical study enables cadres of the entire party to score great ideological and theoretical achievements, and will also deepen the struggle, and make it develop toward a new and still higher level. This is the dialectical relationship between theoretical study on one side and the revolution and construction on the other. The Yanan rectification campaign was a great movement for Marxist theoretical study; the study of the history of social development conducted in the early post-liberation period was a movement for theoretical study; the discussion on practice being the only criterion for judging truth was a movement for theoretical study; and the study of the Marxist theory on reproduction and the theory on the socialist commodity economy was also a movement for theoretical study. All these study movements enabled the entire party to achieve new ideological and theoretical progress. They summarized the experiences of struggles, and effectively promoted the development of the revolution and construction of that time. Today when we are experiencing an intense and complicated struggle concerning the future and destiny of socialism, it is all the more necessary for us to use socialist theories to summarize our past experiences and lessons, and to guide the current and future struggles. We should continuously make progress in building socialism with Chinese characteristics through the present theoretical study.

B. In studying socialist theories, we should integrate theory with practice, pay attention to the change in the world outlook, and conscientiously promote the work in various fields.

In studying socialist theories, the most important task is to solve the people's deep-seated ideological problems, and transform their world outlook. People's world outlook is often reflected in the stand, viewpoints, and methods they adopt to understand and handle various issues during struggles. Also, the revolutionary world outlook needs to be enhanced and tested through struggles. Therefore, our endeavor to solve the problems concerning the world outlook is a repeated process, and it cannot be accomplished once and for all. Based on the current ideological conditions of the cadres of our province, we should particularly resolve the following issues through studying socialist theories.

First, we should properly resolve the issue on socialist faith. To resolve this issue, in essence, is to provide an ideological and theoretical answer to the question concerning the historical destiny of the scientific socialism of our time, namely, whether the future and destiny of scientific socialism will be a success or a failure. This is a challenge raised by international hostile forces and people engaged in bourgeois liberalization at home. It is exactly through study that we should enable the vast number of cadres to truly have a good command of the Marxist stand, viewpoints and methods, to understand the law governing social development, to both firmly

believe that replacement of capitalism with socialism is an inexorable trend in the historical development of human beings and fully understand its protracted, complicated and tortuous process, and then to remain clear-headed and have a firm stand in the intense and complicated struggle. When faced with difficulties and twists and turns, they should see the bright prospects, have more courage, enhance confidence, and never waver or retreat. In the struggles between infiltration and counter-infiltration, between subversion and counter-subversion, and between "peaceful evolution" and counter-"peaceful evolution," and faced with the pressures from various sources, they should be able to withstand and stand firm, and unswervingly adhere to the socialist orientation. This is important criterion to judge whether these cadres achieve good results in studying socialist theories.

Second, we should solve the question of for whose sake we should do things for. This issue is one concerning the fundamental attitude and stand. Upholding socialism, in the final analysis, is to persist in the fundamental interests of the masses of people. Doing all things for the masses, relying on the masses while doing everything, getting the opinions of the masses and referring them back to the masses are the issues which our Communist Party people have thought of and are the fundamental starting point and resting point while they do their work. Practice shows us that the mistake which our party tends to commit after assuming power is to deviate from the masses. All cadres, particularly leading cadres, should always be alert. This is a major issue which we must solve in the course of strengthening the building of the party. Through the study of socialist theories, cadres should properly handle the relationship between leadership and service. They should first serve the people and lead the masses to advance forward in the course of serving them. They should also properly handle the relationship between the responsibility of leaders and that of the masses, correctly combining the two, and persisting in making them identical. They should properly handle the relationship between personal interests and the interests of the masses and promote the spirit of bearing hardship first and enjoying comforts second. To properly handle the relationship between "getting the opinions of the masses and referring them back to the masses," we must persist in getting opinions from the masses in the first place. Cadres should understand the demands and feelings of the masses, hear their opinions, both positive and passive ones, and hear and accept their criticism and opinions in particular. They should make decisions after taking the opinions and then refer them back to the masses. Through studying socialist theories, we should overcome bureaucracy, subjectivism, and all sorts of work styles that deviate from the masses.

Third, we should solve the issues on the way of thinking and work style. Marxist philosophy is the theoretical basis of scientific socialism. To study socialist theories, we must have a good command of dialectical materialist and historical materialist viewpoints and methods, overcome the idealist and metaphysical ways of thinking and

uphold the party's ideological line of seeking truth from facts. While doing all types of work, we should seek truth from facts, and proceed from the reality while doing everything. In handling things, we should also seek truth from facts, do not engage in idle chatter or lies, guard against extravagance, work in a down-to-earth manner and pay attention to actual results. In reflecting on the situation, we should also be realistic, report on both good and bad and hear reports on both good things and problems. While determining work tasks and principles, we should proceed from the reality, and should not just copy from books or take instructions from the higher level. Instead, we should work in line with the reality. We should affirm and sum up work achievements and experience in a fact-seeking manner and should dare to examine, correct and overcome shortcomings and mistakes in our work. We should take conducting investigation and study as an effective way to foster a scientific method of thinking and improving work style, vigorously advocate the practice of conducting investigation and study among the vast number of cadres, and go deep to the grass roots to explore the law on building socialism with Chinese characteristics and to seek practical methods for solving various problems cropping up in the course of reforms, opening the country to the outside world, and construction.

Fourth, we should solve the problems related to the outlook on life and the outlook on value. The replacement of capitalism by socialism is a great historical trend. Communism is our supreme ideal. Therefore, dedicating ourselves to communism is our Communist Party members' outlook on life and value. Without a correct outlook on life and value, we will not be able to actually grasp and practice the theories of scientific socialism. Even if we remember some viewpoints by words, putting the viewpoints into practice will be another thing. Therefore, leading cadres at various levels should focus on solving the problems related to the outlook on life and value in the course of practice. Through studying the theories on socialism, we will further upgrade our awareness of fighting for socialism and communism; correctly handle the relationship between the development of the commodity economy and the adherence to the communist ideal, belief, and morality; upgrade our ability in resisting the influence of various negative and corrosive ideas; and withstand the trials of being in power, reforms, and opening the country to the outside world. It is necessary to eliminate the influence of the capitalist outlook on life and value and to prevent the occurrence of such phenomena as abusing one's power for selfish ends, seeking ease and comfort, and seeking the capitalist corrosive way of life. Through studying the theories on socialism, we will enhance our party spirit, upgrade the sense of organizational discipline, set an example, and really become a proletarian vanguard with lofty communist ideals.

In the course of study, leading cadres should put particular stress on carrying forward the revolutionary style of study that has constantly been advocated by the party.

First of all, we should closely link theories with practice in the course of study. We should have a definite objective in view in the course of study. The "object" indicates our working and ideological reality, as well as the reality of socialist modernization, reforms, and opening-up. We must regard the theories on socialism as a guide for solving our practical problems.

In the course of study, we should carry forward the work style of criticism and self-criticism, conscientiously sum up experiences and draw lessons, find where we lag behind in terms of our practice and ideologies, and strive to make improvements. The theories on socialism, reflecting the general law on socialist construction, is a mirror to guide our practical work. We should use this mirror to examine and sum up our experiences and draw

lessons so as to clearly tell successes from failures and to know what we should do in the future.

In the course of study, we should persistently keep close contacts with the masses and follow the mass line. We should go out of our offices and meeting halls to listen to the voices of the people and to study their practical experiences on the one hand and to exchange our study experiences with them on the other hand. We should conduct the education on the theories on socialism among the masses and help them deepen their understanding about socialism. Only by so doing can we ceaselessly promote the theories and practice of socialism to a new stage and do a good job in handling the affairs of Liaoning.

### Scholar on Cross-Strait Economic Cooperation

OW2712153290 Beijing XINHUA Domestic Service  
in Chinese 0258 GMT 26 Dec 90

[Interview with Professor Min Jianshu of Hong Kong Chinese University by reporter Duanmu Laidi (4551 2606 0171 1229)—"Cooperate Closely With One Another and Utilize Superiorities To Improve International Competitiveness"]

[Text] Beijing, 26 Dec (XINHUA)—On a morning early this month, this reporter visited Professor Min Jianshu (7036 1696 5771), dean of the department of industrial and business management of the Hong Kong Chinese University, at his office and asked him about his personal views on the development of cross-strait relations.

The conversation revolved around economic cooperation among the mainland, Taiwan, and Hong Kong. He pointed out: In the face of the economic development trend in the Asia-Pacific region and the fierce competition in the international market, the mainland, Taiwan, and Hong Kong should cooperate with one another closely, learn from one another's strong points to offset their own weaknesses, and help one another for common benefits to increase the international competitive edge of the whole China.

Professor Min is well versed in the research of the investment environment and marketing. In his opinion, the mainland, Taiwan, and Hong Kong each has its economic edge; if fully combined and put to the best use, they would be matchless in the Asia-Pacific region. He said: Looking at the whole China, the mainland has heavy industry and industries of intermediate-level science and technology; Taiwan has more downstream industries of high- and intermediate-level science and technology; and Hong Kong concentrates on downstream processing industries and related industries such as services, post, consultation, advertisement management, and intermediate commercial container service. If we integrate the three parts we will possess all their superiorities and be able to develop in an all-around manner without relying on foreign countries. He held that only close cooperation could bring the best out of the various economic superiorities, while separate development would weaken this strength.

We have to innovate to compete in the international market. Professor Min pointed out: Because it lacks technological strength, Hong Kong is unable to innovate and has to copy others' technology. To combine the respective superiorities of the three parts of China, they must step up cooperation and make innovations through an integration of their technological strength. This will not only be beneficial to common economic development and progress, but have a great impact on the economy of the Asia-Pacific region as well as the whole world.

Looking back, he said: As a matter of fact, cooperation across the Taiwan Strait started quite some time ago and

had a good beginning. Cross-strait economic relations have been developing rapidly, and the volume of trade has been increasing sharply year after year. We must realize, however, that the mainland has suffered huge deficits in cross-strait trade. The deficit was \$2.3 billion last year alone and may rise to \$2.8 billion this year. Judging from these figures, the volume of Taiwan products sold to the mainland via Hong Kong far exceeds that from the mainland to Taiwan. He analyzed: The huge deficits suffered by the mainland in cross-strait trade are mainly the result of the sweeping restrictions imposed by the Taiwan authorities. Indirect trade and the ban on direct investment have resulted in problems such as delays in trade, low efficiency, high risks, and inadequate understanding of each other's market. Moreover, restrictions on imports from the mainland have barred those competitive mainland manufactured goods from entering Taiwan. If things continue this way, the imbalance of trade will only increase. This is bound to adversely affect the further development of cross-strait trade and will be detrimental to Taiwan's industrial and business circles.

Professor Min stressed repeatedly: To achieve a trade balance, we must abolish trade restrictions and barriers, turn the indirect trade into direct trade, turn the one-way investment into two-way investment, and allow the free flow of people and merchandise between the two sides of the strait.

Professor Min Jianshu, who has made some studies about the economic relations between the mainland, Taiwan, and Hong Kong, has his own keen insight. He holds that the present cooperation between the two sides of the Strait is limited. This is the first stage of cooperation. The next step should be taken to move to the second stage of cooperation. This means unlimited cooperation to increase the benefits of both sides and to make China a "common market" itself. In other words, there should be a diversification of cooperative items, and cooperation should be expanded into various sectors of the economy.

He suggested that the two sides of the Strait cooperate in several fields. One form of cooperation is acquiring others' strong points to offset one's weaknesses. The mainland needs funds and technology, but it can provide the advantage of low wages and a domestic market; in Taiwan wages are high, prices expensive, the new Taiwan dollar has appreciated, and there is inflation. Because of this, it needs to move its capital out to expand production and seek cheap labor to make more profits. The strong points of one side are the weaknesses of the other. This method benefits both sides. The second form of cooperation is cooperation in the field of science and technology. The mainland has a broader and deeper foundation in basic scientific research, while Taiwan has been more successful in applied research. If the two sides jointly set up a scientific research institute and combined their strong points to begin pioneering research, it would benefit both sides because of the existence of both basic research capability and applied research experience.

Third is agricultural research. Taiwan's agriculture, crop planting, fruit growing, animal and fish breeding, and processing technology are more developed, but this advantage cannot be expanded because of the limited scale of operation. If merchants from Taiwan could come to develop agriculture on the mainland, they could not only provide technical assistance and improve quality, but also could upgrade economic efficiency. Fourth, the mainland should develop the raw materials industry. Because Taiwan needs raw materials, the two sides should strengthen cooperation in this field. This will ensure the supply of raw materials needed by Taiwan's processing industry.

In conclusion, Professor Min Jianshu said: The trend of the times requires that the mainland, Taiwan, and Hong Kong strengthen their ties. Only by following the trend will China have a bright prospect and will it be able to meet the fierce economic competition in the world with a new approach.

#### **Roundup on 1990 Mainland-Taiwan Exchanges**

OW2912030790 Beijing XINHUA Domestic Service  
in Chinese 2342 GMT 26 Dec 90

["Roundup" by reporter Wang Zhi (3769 3589): "The Situation in the Strait and Exchanges Between the Two Shores in 1990"]

[Text] Beijing, 27 December (XINHUA)—In the first year of the 1990's relations between the two sides of the strait developed steadily and vigorously. A new situation has emerged. It explicitly tells the world: Realization of the exchange of mails, trade, and air and shipping services and advancing from here to the road of peaceful reunification will become an undisputable fact. Although barriers raised by the Taiwan authorities have not yet been removed, exchanges and contacts among the 1.1 billion Chinese who yearn for reunification are advancing speedily, like rivers flowing into the sea, forming a giant historical tide and sweeping obstacles away.

#### **The Principle of "One Country, Two Systems" Has Struck Roots in the Hearts of the People, and Civilian Contacts Are Expanding**

Holding high the banner of peaceful reunification, the Chinese communists have reiterated their proposal many times since the beginning of this year: Under the principle of "one China," the CPC and the Kuomintang [KMT] should hold talks to end the division of the country at an early date under the principle of "one country, two systems." A national meeting on Taiwan affairs, convened recently by the CPC Central Committee, pointed out: Striving for an early solution to the Taiwan question and realizing the complete reunification of the motherland is a major political task for the whole party and nation in the 1990's; a pressing task to be done now is to strengthen ties between both sides of the strait and to strive for two-way and direct exchanges of mails, trade, and air and shipping services at an early

date. These suggestions, representing the sincerity and sense of historical urgency demonstrated by the Chinese communists for the interest of the Chinese nation, have won the support of Chinese inside and outside of China.

The sounds of guns died away long ago, and auspicious rosy clouds are now floating over the strait. The development of relations between both shores of the strait in recent years has proven that exchanges and contacts are an effective means for the people of the two shores to eliminate estrangement and improve mutual understanding. Now, among the compatriots from Taiwan visiting the mainland, few have come to visit their relatives. Most of them are tourists and people who have come for exchanges of various kinds. According to statistics released by departments concerned, from January to November this year, 820,000 compatriots from Taiwan visited the mainland. It is expected that the number will exceed 850,000 by the end of this year. Of this number, tourists and people who have come for various exchange activities account for 92 percent. Civilian exchanges and contacts between both sides of the strait are now spreading rapidly in the economy, trade, culture, sports, science, and technology. In Beijing, noted political figures from Taiwan have held discussions with people of all circles on the mainland to seek ways for China's reunification; on Hainandao, agricultural experts from both sides are conducting research to find a way to increase agricultural output; students from Taiwan are studying hard in colleges and universities on the mainland; more than 4,600 businessmen from Taiwan took part in the spring export commodities fair. In 1990 compatriots from Taiwan have become the largest source of tourists for the tourism market on the mainland. The majestic Great Wall and the Silk Road, where the bells of camels used to swing, have educated compatriots, especially youth, from Taiwan in the brilliant culture of the Chinese nation.

The 11th Asian Games in Beijing provided a good opportunity for compatriots on both sides of the strait to enhance a national feeling of affection for each other. After a separation of 40 years, athletes from both shores of the strait competed for the first time on the soil of the motherland to achieve better results. The people on the mainland showed their fraternal affection for the 417 athletes from the other shore.

Increasing contacts between both sides of the strait have also created some problems. There is an urgent need for relevant departments on both sides to meet and discuss these problems. In mid-September of this year, representatives of Red Cross organizations from both sides held working consultations in Jinmen. After a full exchange of views, an agreement on matters concerning repatriation and the handing over of those who have been repatriated was concluded. This is another business contact between the two sides since the 1986 talk between representatives of the Civil Aviation Administration of China and Taiwan's "China Airlines" in Hong Kong. This is both a good try and a good beginning. The Taiwan press called the visit to Jinmendao by the representatives of the

mainland Red Cross organization "a breakthrough of taboos on both sides in the past 40 years," adding that the visit "touched on numerous comments in the Taiwan area." Since then several repatriations have been made successfully between both shores of the strait. This not only helped safeguard social stability on both shores but also promoted the sound development of contacts between the two sides.

**The "Three No's" Policy Is Out of Date, but Efforts Still Have To Be Made To Achieve Direct Exchange of Mail, Trade, and Air and Shipping Services**

When the sculpture of Mazu, regarded as the "Goddess of Peace" by people on both shores of the strait, was discovered and raised from an old battle trench on Mizhoudao, clamors such as "cultural attack," "sending the 'Taiwan experience' ashore," and "strengthen war preparedness," were still made in Taiwan, which is only 70 nautical miles from the mainland. Today, Jinmen, Mazu, and other islands are still Taiwan's "frontline," where troops are stationed in large numbers; incidents of KMT troops on the islands shelling or shooting mainland fishing boats engaged in normal fishing occur frequently; the sending of balloons and floats carrying political and agitating propaganda has never ceased.

The Taiwan authorities' insistence on the "three no's" policy and stress on the so-called "awareness of the enemy" hinder two-way and direct exchanges and contacts between the people on both shores of the strait. These measures have not been changed in the first year of the 1990's.

In the past two years 1 million compatriots from Taiwan have visited the mainland. In comparison, only 7,000 people from the mainland have visited Taiwan. Taiwan's preposterous regulations banning "communists and other political figures from entering Taiwan" have prevented many compatriots from the mainland from visiting Taiwan. In June this year, "the Executive Yuan's mainland task force" of Taiwan approved provisions on "allowing" more mainland journalists to visit Taiwan. One of the provisions continued to require that "members of the CPC" and "other mainland personages who are members of communist peripheral organizations to honestly sign a memorandum declaring their separation from the organizations." Faced with this political insult, not a single journalist from the mainland has visited Taiwan, but in the past two years, the mainland has accepted more than 700 journalists from Taiwan and has provided every convenience for their news coverage. Public opinion in Taiwan maintained: "While promoting bilateral understandings, news exchanges across the strait may also reduce many barriers and misunderstandings. This is perfectly beneficial to China's reunification." The Taiwan authorities, however, "insist that (the mainland reporters) must renounce publicly the communist party when entering into Taiwan. Obviously this requirement is based on an unreasonable and unfair logic, which has been derived from obsolete and ridiculous ideas. No wonder the Chinese Communists cannot

accept it." Taiwanese public opinion has urged the authorities to "immediately revise the relevant obsolete regulations and open up Taiwan for visits by mainland reporters as soon as possible regardless of whether they are communist party members."

The most basic right of many mainland compatriots to visit their relatives in Taiwan cannot be enjoyed because of these extra political conditions added by the Taiwan authorities, who have repeatedly boasted of them as "humanitarian." Xu Wensi, former vice chairman of the Chinese People's Political Consultative Conference Shanghai Municipal Committee and antibiotic expert; and Qiu Baoyun, member of the Taiwan Democratic Self-Government League Central Advisory Committee and professor of the Liaoning Provincial Academy of Traditional Chinese Medicine, respectively refused to sign documents of political recantation as required by the Taiwan authorities at the Taipei Airport and Hong Kong in summer this year. Consequently, reunions with relatives who were nearby could not materialize.

As of now, direct mail, trade, air, and shipping service exchanges across the strait are not materializing. The so-called "Regulations on Relations Between the Peoples of the Taiwan Region and the Mainland Region," repeatedly amended by the Taiwan authorities, still uphold prohibitions on direct trade, air, and shipping services. When making visits across the strait, tens of thousands of Taiwanese compatriots have to travel via a third place, incurring more troubles and adding much extra inconvenience. The reality of development of relations between the two sides of the strait has left the Taiwan authorities no choice but to face the issue of "direct exchanges of mail, trade, air, and shipping services across the strait." A research report by a Taiwan authority "think-tank organ" could not help pointing out: "Contacting the Chinese Communists and establishing certain relations or tacit agreements in the future are inevitable." Before that, it is necessary to "study and formulate the establishment of conditions for trade relations, including air and shipping service exchanges and funds transfers; as well as officially opening up direct trade and investment across the strait."

**Whoever Understands the Times Will Go Along With the Trends; Reunification of the Motherland Should Not Be Delayed**

Facts have shown that every so-called "open" "mainland policy," as claimed by the Taiwan authorities in recent years, has been a limited and reluctant recognition of reality after their prohibitions have gone unobserved. Based on common histories and civilizations, the people's exchanges and visits across the strait will not be cut off by any artificial powers. The Taiwanese enthusiasm to increase contacts has continued to rise. This year, "mainland fever" has arisen in political, industrial, commercial, and cultural circles on several occasions. The Taiwan authorities were frightened, however,

announcing that the public's "psychological defense has been withdrawn totally," loudly urging a "cool down in 'mainland fever'."

This year, leaders of the Kuomintang [KMT] published some speeches that were suitable to the common understandings of the people across the strait. While indicating "full-scale opening up of academic, cultural, economic and trade, and scientific and technological exchanges," they also proposed some unrealizable prerequisites, such as changing the political and economic systems on the mainland. Disregarding the fact that some forces in the international community are creating and juxtaposing "two China's" or "one China, one Taiwan," the Taiwan authorities have not restrained their activities in promoting "elastic diplomacy." On the contrary, they have increased these activities without restriction. As to whether the organs that successively were established

recently including "the Presidential Office's National Unification Council," "the Executive Yuan's Mainland Affairs Council" and "the Foundation for Exchanges Across the Taiwan Strait" will play active roles in the process of reunification, will depend on the Taiwan authorities' realistic actions.

The Chinese KMT should not delay on the issue of reunification of China. At present, the force of "Independent Taiwan" on Taiwan Island has viciously expanded, and consciousness for separation has spread. In addition, certain foreign powers are waiting with covetous intention. All people who care for the motherland's reunification are concerned constantly with the future and destiny of Taiwan. Together, they expect that within the coming year relations between the two sides of the strait will be developed further, thereby expediting the process of the motherland's peaceful reunification.

**Foreign Minister on Mainland as Political Entity***OW3112181890 Taipei Domestic Service  
in Mandarin 2300 GMT 29 Dec 90*

[From the "News and Commentary" program]

[Text] Foreign Minister Fredrick Chien said yesterday that after the proclamation of the end of the Period of Mobilization for the Suppression of the Communist Rebellion next May, our side should recognize that a political entity exists on the Chinese mainland. As for how to deal with this political entity, our mainland policy will see to it and further make provisions. Foreign policy measures and the conduct of foreign policy will have to change in accordance with this policy on the mainland.

Fredrick Chien pointed out: After the end of the Period of Mobilization for the Suppression of the Communist Rebellion, the proposals on the one country, two governments and dual recognition will not be practical because our recent adoption of flexible diplomacy proved that communist China is unable to accept dual recognition. Any other countries that have established diplomatic relations with China can still choose [words indistinct].

He pointed out at the news conference: After the proclamation of the end of the Period of Mobilization for the Suppression of the Communist Rebellion, communist China will no longer be considered a rebellious group; we should look squarely at the fact that there exists on the mainland a political entity. These changes, however, do not necessarily mean that one can freely advocate communism; all will have to continue to be handled according to law.

Pointing out the very fact that the Chinese communist regime has an accumulated foreign aid commitment of over 9.3 billion dollars despite the fact that it is now burdened with over 40 billion dollars in foreign debts, Foreign Minister Fredrick Chien said yesterday: Communist China often accuses us of conducting money politics. As a matter of fact, it is the communist Chinese who have never spared any effort in trying to win countries over to its side and buying diplomatic relations with money in the name of giving economic aid. Their purpose is to sabotage the friendly relationship between us and those countries with which we have diplomatic relations and to carry out their conspiracy of isolating our country in the international community.

Regarding the rising tension in the Middle East and the possibility of the imminent outbreak of war, Fredrick Chien emphasized yesterday: The Foreign Ministry and our diplomatic units in the Middle East have completed preparations to repatriate our nationals. A thorough check shows that at present 951 of our nationals await repatriation. China Airlines will supply special planes to repatriate our nationals. Heads of diplomatic units and personnel, however, will stay at their posts to protect our interests there.

**Foreign Minister on Expanding Ties, Africa Visit***OW2912171390 Taipei CNA in English 1545 GMT  
29 Dec 90*

[Text] Taipei, Dec. 29 (CNA)—The Republic of China's [ROC] Government will try to forge official ties with countries whose natural resources and technology can contribute to the nation's economic development.

Foreign Minister Fredrick Chien made the remarks Saturday at a press conference.

The decision on ties also depends on whether the target country has a market potential to absorb our products, Chien added.

Chien was responding to (?suggestions that the) government focus its attention on improving substantive ties with the United States, Japan, and European countries.

One more thing that (?the Republic of China) must consider is communist China's obstruction, Chien said. Peking has been trying hard to isolate the Republic of China internationally.

"Unless a country attaches importance to ties with us, we will not establish diplomatic ties with it," Chien noted.

On Taipei's ties with South Korea, Chien said the government will do its best to maintain and strengthen ties with Seoul in spite of its attempts to develop diplomatic relations with Peking.

The minister also said he will visit South Africa Jan. 18-24 and chair a meeting of ROC diplomats in Swaziland.

**President Li Teng-hui Gives New Year's Message***OW3112194490 Taipei CNA in English 1610 GMT  
31 Dec 90*

[“President Li Teng-hui's New Year's Day Message”—CNA headline]

[Text] Ladies and gentlemen:

Today is the eightieth anniversary of the founding of the Republic of China [ROC]. Looking back on the (?visions) of the early martyrs and leaders of the Republican revolution adds to the (?weight) of our responsibility (?for) reuniting and [words indistinct] our country. We are confident that the 1990s will be a [words indistinct] of rapid growth for the Republic of China, and it will also be a decade in which [words indistinct] and strengthen ourselves, and prepare to enter the twenty-first century [words indistinct] held high.

A survey of the international situation reveals that the conclusion of the cold war between the major [words indistinct] East and West, and the trend towards pluralism in international politics, a new international order is about to be established. The political and economic reform measures of the Soviet Union, the unification of

Germany, and the dissolution of totalitarian communist powers in East Europe are showing us again and again that communism is about to meet its final end. Communist countries now face a fate of total and utter failure if they do not institute major changes. The development of this situation has demonstrated the great foresight of our founding father, Dr. Sun Yat-sen in formulating his Three Principles of the People and has confirmed the correctness of the direction that we in this bastion of national revival have chosen for ourselves, and has strengthened our faith that China must eventually be reunited under the principles of freedom, democracy, and prosperity.

Soon after being elected by the national assembly and entrusted by the entire people [words indistinct] of last year to assume office as the eighth president of the Republic of China, I solemnly declared that within the next six years I would, with a responsible attitude and positive actions, work to advance constitutional reform, establish a sound system of party politics, improve the economic structure, strengthen the social welfare system, and institute more pragmatic policies in the areas of foreign diplomacy and mainland China affairs, so as to open up a new era for the Chinese people. I held a national affairs conference to build a strong consensus among Chinese at home and abroad in order to solicit a broad range of views of people from all walks of life on our main policy programs regarding national reunification. We established the National Unification Council. To lay a foundation for the next step in our nation's development, we have initiated work in the area of constitution and reform planning. These efforts have all had positive effects and have received a high degree of affirmation. Looking to the future, I am confident that:

The 1990s will be a decade in which constitutional democracy in the ROC will further approach full maturity in announcing a conclusion to the Period of Mobilization for Suppression of the Communist Rebellion, along with rejuvenating the parliamentary work of the central government and making appropriate revisions to the constitution, [words indistinct] sure to promote the sound development of party politics and the harmonious progress of society, such that all political activities are carried out within a systematic framework and conducted according to legal standards. It is my hope that all responsible political parties not only be participants in constitutional government but should also be defenders of constitutional democracy. All modern people must not only have a spirit of respect for the law, but should have the courage to uphold [words indistinct] (?complementing) and supplementing the [words indistinct] in this way is certain to raise the development of constitutional democracy in the Republic of China to a new level.

This will [words indistinct] comprehensive national development for the Republic of China the thriving economic growth of [words indistinct] (?operational) revival over the years has created the world-acclaimed "Taiwan experience." It has, however, (?clearly) resulted

in a number of imbalances in our development in the area of society, culture, and the ecological environment. As public security gradually improves (?and the economy) recovers, the government will, with care [words indistinct] and foresight, expend its great efforts and resolution to push (?ahead with the) six-year national development plan to raise the people's income, provide a firm foundation for industry to realize its potential, achieve balanced regional [words indistinct] improve the overall [words indistinct] elevate the people's quality of life, thus further enriching and expanding the "Taiwan experience."

The 1990s will be a decade of vigorous development of Chinese culture. Culture is the foundation (?on which our nation was) established, and it is also the most important link in the long-term development of our nation with the existing foundation in many areas of development in our bastion of national revival, and in this age of unprecedented world cultural exchange, this is the best time for Chinese culture to express its special characteristic of being able to absorb, modify, combine, and improve the new elements and to create anew. It is my hope that the government will take concrete measures to promote the revamping of ethics and morals, purify our society's atmosphere, beautify the cultural environment, and strengthen cultural activities, so that Chinese culture will experience a flourishing renaissance, constantly enrich itself, and make an even greater contribution to world peace and the welfare of mankind.

The 1990s will [words indistinct] actively promoting the reunification of our nation. Although over the past forty years the Taiwan Strait has been the dividing line between two separate Chinese political entities, this situation has not once shaken the conviction of (?Nationalist) Chinese that our nation will eventually be reunified. We recognize current realities, but must under no circumstance [words indistinct] up our ideals. All of our efforts are centered on the security [words indistinct] our twenty million compatriots in our bastion of national revival; however, we have never abandoned our responsibility toward the entire Chinese people. The longing of all Chinese people for freedom, democracy, and prosperity [words indistinct] become the strongest guiding force in our nation's [words indistinct] reunification. With the international community now moving from antagonism towards reconciliation, we must take full advantage of this opportunity to overcome all the obstacles in our path and expand our full efforts to set the stage for the reunification of China.

Ladies and gentlemen: I once said that, "The reunification of China is not a distant, intangible dream." China's [words indistinct] must be forged by the Chinese people themselves; China's destiny must be created by the Chinese people themselves. The coming [words indistinct] (?decisive) in the ROC's entry into the ranks (?of the developed nations). It will also be a time in which we express the wisdom and resolution of the Chinese people. Let us all, either at home or abroad, join hands

and hearts, unite in our struggle, and together usher in the arrival of a democratic, free, and prosperous decade. Thank you.

### Ministry Views Evacuating Nationals in Mideast

OW3112092790 Taipei CNA in English 0259 GMT  
31 Dec 90

[Text] Taipei, Dec. 31 (CNA)—Foreign Ministry will call another meeting on Gulf crisis January 2 to discuss the evacuation of Republic of China [ROC] nationals if a war erupts there.

Foreign Minister Fredrick Chien [Fu Chien] said in his year-end press conference Saturday that as the United Nations' Jan. 15 deadline for Iraq to leave Kuwait draws near, and a peaceful resolution of the crisis is still nowhere in sight, all the ROC offices in the Middle East have worked out plans to evacuate the nationals and are ready for any contingency.

Chien said ROC officials in the Middle East are inquiring about ROC nationals' intention in leaving. He added that the ministry has contacted China Airlines to evacuate them when necessary.

A similar contingency meeting was held earlier this month.

### Conditions Set for Renewing Joint Fishing Pact

OW0101151491 Taipei International Service  
in English 0200 GMT 1 Jan 91

[Text] Agriculture Council Chairman Yu Yu-hsien said on Sunday that the local fishery industry hopes to continue the ROC [Republic of China]-U.S.A. Fishery Agreement, which will expire today, but with certain conditions.

The U.S. has expressed hopes through the American Institute in Taiwan that the Republic of China will continue the agreement. Local fishing companies recently related to the council that they are willing to continue the agreement on the condition that some of the regulations are revised.

Yu said that the ROC has made great efforts to live up to the agreement in the past year, resulting in a significant reduction in violations. Yu also said that it will not be necessary to continue the agreement if local fishing companies obey the regulations on their own. Yu said that with the council's guidance, local fishing companies have accepted the concept of not killing salmon, trout, and sea mammals. The council will enhance a crackdown on local fishing boats that violate fishing regulations and revoke their licenses as punishment.

### Agriculture Council Wants More Exchanges

OW2912171890 Taipei CNA in English 1612 GMT  
29 Dec 90

[Text] Taipei, Dec. 29 (CNA)—The Council of Agriculture said Saturday it will strengthen efforts to promote agricultural exchanges with mainland China, a move believed to (?spread) cooperation across the Taiwan Strait and [words indistinct] (?the unification of) the country.

Chairman Yu Yu-hsien told a year-end press conference that agricultural exchanges will be a "priority work" after the rules governing cross-strait relations [words indistinct] legislature.

Yu said farmers account for 80 percent of mainland population. If mainland farm production can improve, gaps between both sides of the strait will narrow, thus speeding the unification of the two sides.

The top agricultural official said his council would be [words indistinct] civilian groups promoting agricultural exchanges across the strait.

[Words indistinct] listed its assistance to civilian organizations as "administrative [words indistinct] of this year, he noted.

Yu said (?China will seek the Mainland Affairs Council (MAC) help in [words indistinct] operations [word indistinct] between the two (?sides of the) strait.

### Council Announces Setup of Monetary Exchange

OW0101061691 Taipei CNA in English 0254 GMT  
1 Jan 91

[Text] Taipei, Jan. 1 (CNA)—An international monetary exchange will be established in Taipei to accelerate Taipei's establishment as a regional monetary center in Asia, the Council for Economic Planning and Development (CEPD) said Monday.

The planned international monetary exchange, proposed by the Central Bank of China (CBC), will have multiple monetary products, including trading in options and futures. CBC will also sign a mutual offset agreement with the Chicago Mercantile Exchange to minimize risks on monetary exchange transactions, a CEPD official said.

Other facets of the plan include liberalizing gold exports and the issuance of gold certificates, establishing a gold exchange, opening the Taipei market to foreign monetary traders, and constructing an international monetary building in Taipei.

### **Association To Develop Industrial Zone in SRV**

*OW3112093190 Taipei CNA in English 0257 GMT  
31 Dec 90*

[Text] Taipei, Dec. 31 (CNA)—The Republic of China-Vietnam Industrial and Commercial Association decided Saturday at a meeting to develop an industrial zone in Vietnam.

The association said that during a tour of Taiwan by a Vietnamese delegation last June, the Indochinese nation signed an agreement with the association on joint development of an 180-hectare industrial zone in Vietnam.

The project will be part of Republic of China's effort to promote investments in Vietnam, the association added.

### **Approval for President, Prime Minister High**

*OW3112093090 Taipei CNA in English 0305 GMT  
31 Dec 90*

[Text] Taipei, Dec. 31 (CNA)—A recent survey showed that 90 percent of Taiwan residents feel positively toward President Li Teng-hui's performance, and another 83 percent gives high mark to that of Premier Hao Po-tsun.

These results were obtained in a survey done by the Republic of China Public Opinion Association Dec. 28-30. The survey interviewed by telephone 1,069 Taiwan residents aged over 20; its margin of error is 4 percent.

Of those polled, 16.8 percent said President Li's administrative performance is very good and another 69.4 percent good.

A total of 27.3 percent said Premier Hao, noted for his efforts to crack down on crimes and to restore the law and order, fares very well, and 54 percent well.

In terms of popularity, the professor-turned president won an admirable 90 percent approval rating, while Hao gained an impressive 83 percent.

The survey also asked pollees to grade performances of the ruling Kuomintang and the largest opposition Democratic Progressive Party (DPP).

Of those who responded, 5.1 percent said the Kuomintang fared very well these days, and 57.4 percent well; 15.8 percent said the ruling party performed poorly. The remaining 20 percent declined to make a judgement.

Only 0.6 percent of the pollees said DPP recently fared very well, 24 percent well; 34.1 percent said DPP performed poorly, 18.6 percent very poorly. Some 22.7 percent of them refused to answer.

In general, the Kuomintang won a 64.6 percent approval rating, and DPP won a 26.2 percent rating.

### **Chinese in Belgium Protest Japanese Action**

*OW2912114590 Taipei CNA in English 1122 GMT  
29 Dec 90*

[Text] Brussels, Dec. 28 (CNA)—An action committee handed over a letter to the Japanese Embassy here Friday to protest against the "aggressive act" of Japan's Self-Defence Force units barring a Taiwanese torch-carrying boat from landing on Tiaooyutai isles last October.

Yang Wen-lung, chairman of the Action Committee of the Overseas Chinese in Belgium for the Safeguarding of Tiaooyutai, accompanied by three others, presented the letter to the cultural counsellor, a Mr. Fukushima, at the embassy.

In the letter, Yang said, the Chinese in Belgium reiterated the Republic of China's sovereignty over Tiaooyutai, to the northeast of Taiwan, which cannot in any case be violated by any foreign power, and that the October incident had seriously damaged the friendly relations of the Chinese and Japanese peoples.

They stressed that the Chinese would no longer tolerate any such aggressive act.

They also warned that the whole world would hencefore be more vigilant and closely watch for any trace of militarist revival in Japan.

Yang told Fukushima that the Japanese Government and people should assume responsibility for and contribute to the maintenance of peace in the Asian-Pacific region.

The Japanese diplomat said he would see to it that the letter is transmitted to the Japanese Government as soon as possible.

### **Russian Federation Textile Minister To Visit**

*OW2912072490 Taipei CNA in English 0311 GMT  
29 Dec 90*

[Text] Taipei, Dec. 29 (CNA)—Boris S. Belyev, textile minister of the Russian Federation of the Soviet Union, will visit Taipei January 10, a textile executive here said Friday.

Belyev's visit, which will be sponsored by the Chung Hsing Textile Co. in Taipei, was announced by company President William W. Shang who returned Thursday from a trip to the Soviet Union.

Belyev is coming here to study the example of Taiwan's successful textile industry development as the Russian Federation wants to improve its textile industry, a Chung Hsing spokesman explained.

## Hong Kong

### Yang Shangkun Discusses Future, Sino-UK Ties

OW3112141690 Beijing XINHUA in English  
1122 GMT 31 Dec 90

[Text] Hong Kong, December 31 (XINHUA)—Chinese President Yang Shangkun said that a smooth return of Hong Kong to the sovereignty of China and the maintenance of its stability and prosperity depend on the joint efforts of all sides concerned, and in the final analysis on the efforts of the 6 million Hong Kong compatriots.

He said this in an interview with a special correspondent of the local monthly magazine, BAUHNIA. The interview is to appear in its January issue.

After extending his New Year greetings to the Hong Kong compatriots, Yang added that six years from now, Hong Kong, as a special administrative region and a free port of the People's Republic of China, will continue to maintain its previous capitalist system and way of life, which has been confirmed in the Basic Law.

He said the resumption of China's sovereignty over Hong Kong will benefit both the Chinese mainland and Hong Kong, but in the first place Hong Kong, because the vast market, rich resources and solid industrial and agricultural foundation of the Chinese mainland will provide unprecedentedly favorable conditions for Hong Kong's prosperity and growth.

He expressed the belief that mutual supplementation, mutual promotion and common prosperity of the mainland and Hong Kong will undoubtedly enhance the strength of the Chinese nation in a highly competitive world today.

Referring to worries that someday changes might take place in violation of the Basic Law, Yang reiterated that the Chinese Government keeps its word.

He added that the implementation of the Basic Law and the smooth return of Hong Kong to the mainland will be a great success of the "one country, two systems" concept put forward by Deng Xiaoping.

In this regard, whatever the difficulties or disturbances, on no account will the Chinese Communist Party and the Chinese Government change its stand, let alone move backward, Yang stressed.

When asked about his view on the prospects for Sino-British relations after the recent change of personnel in the British Government, Yang expressed his hope and belief that the new cabinet of the British Government will do still more for Hong Kong's stability and prosperity.

### Number of SRV Refugees Drops 80 Percent in 1990

HK3112015590 Hong Kong SOUTH CHINA  
MORNING POST in English 31 Dec 90 p 2

[Report by Louise Hidalgo]

[Text] The number of Vietnamese boat people reaching Hong Kong dropped by more than 80 percent this year over last year while the resettlement and repatriation saw the largest number leaving the territory since 1981.

Only 6,511 boat people sailed into Hong Kong compared with the 34,347 who arrived last year.

Resettlement and repatriation saw 13,085 refugees and boat people leave Hong Kong this year.

But Government refugee co-ordinator Mr Clinton Leeks warned Hong Kong had yet to resolve the problem presented by continued arrivals, with 113 reaching the territory since Friday.

Officials are known to be pleased that for the first time in recent years the numbers leaving are greater than those arriving but they are still struggling with the 51,977 Vietnamese remaining in the territory.

Apart from last year this leaves Hong Kong with its largest Vietnamese population since 1979, with 8,074 refugees and 43,903 boat people.

"We have been making little inroad on the key issue of finding safe, permanent homes for those who are not refugees and whom the international community has decided must return to Vietnam," Mr Leeks said.

Repatriation this year totalled 5,429 had fell far short of the 1,000 each month agreed by the Hong Kong and Vietnamese Governments with the United Nations High Commissioner for Refugees (UNHCR).

But the figures this year are still a great improvement on the 712 who were voluntarily repatriated last year along with 51 who were forced back against their will.

Both Government and UNHCR officials say the judicial review, of the screening process used to determine refugee status, now being carried out is partly responsible for the small number volunteering for repatriation.

Improvements in the Vietnamese economy and an increase in foreign investment were welcome signals of a changing situation in Vietnam, Mr Leeks said.

Mr Leeks also said immigrants from Vietnam under the Orderly Department Programme (ODP) outstripped the number leaving illegally during 1990 by more than double.

"Resettlement countries predict they will take about 100,000 Vietnamese next year under the ODP, which is significant turn around from previous years, the balance seems to be tilting towards safety and a commonsense attitude."

UNHCR's local chief of mission, Mr Robert Van Leeuwen, was optimistic about the success of the repatriation scheme once the outcome of the review was determined.

He predicted the number of volunteers to join the scheme was likely to rise by spring new year.

The reduction in the number of boat people coming from North Vietnam was—almost 90 percent came from South Vietnam this year in contrast to only 14 percent in 1989—also being hailed as a measure of the UNHCR's success in campaigning within Vietnam against departures for Hong Kong.

"The message is obviously getting through to the North Vietnamese about the realities of reaching Hong Kong," Mr Van Leeuwen said.

"The most effective carriers of that message are the increasing number who have returned to Vietnam. As yet those have been mainly to North Vietnam."

While voluntary repatriation rates have risen through the year, the new agreement on boat people who do not volunteer but do not object to being returned is getting off to a slow start.

So far only one batch of 23 boat people has returned to Vietnam under this scheme.

Resettlement of Vietnamese refugees has continued at a consistent pace through the year, with 7,656 leaving the territory for new homes abroad.

The largest number has gone to the United States which this year offered homes to 2,278 refugees while Canada took 1,513 from the territory.

Australia took the third largest number from Hong Kong with 1,502 refugees being resettled.

But a spokesman for the United States Consulate in Hong Kong warned the U.S. would be reducing its resettlement quota next year to about 1,500.

This year's figures were boosted because the United States had been anxious to make up its regional resettlement quota.

Britain has undertaken to resettle 2,000 by mid-1992, also under the Comprehensive Plan for Action agreed in Geneva in June last year to resolve the regional problem.

But the British Government has yet to fix its quota for next year.

#### Academics Want Discussion on Bank's Role

HK2412010790 Hong Kong SOUTH CHINA  
MORNING POST in English 24 Dec 90 p 2

[Report by Shirley Yam]

[Text] The Hong Kong and Chinese governments should discuss the role of the Hong Kong and Shanghai Banking

Corporation after it has shifted its legal domicile to Britain, local academics said yesterday.

Speaking at the City Forum yesterday, they accused the Government of bias towards the bank by offering it numerous privileges and said these should be removed gradually.

Mr Lui Yu-han, a senior economics lecturer at the City Polytechnic, said the Government should review several existing functions of the bank, which gave priority to the interests of its shareholders.

These included its role as the central clearing house and membership of the Exchange Reserve advisory committee.

"It is completely reasonable for the bank, as a commercial entity, to protect its shareholders' interest—the only one to be blamed is the Government which has been biased towards the bank for decades," Mr Lui said.

"Now the bank has become a giant. Its management is only accountable to the shareholders, not the public.

"It will be too naive to expect it to value any moral obligation to the territory."

Mr Lui said the Government should strengthen the Exchange Reserve so that it could serve as the central clearing house.

China also should start to improve the Bank of China to enable it to assume part of the Hongkong Bank's role in an emergency, he said.

Sharing his views, Mr Li Chik-yuet, of the pressure group Meeting Point, said the Government should consider whether the central clearing house function should be given to a new institution as requested for many years by the local Chinese banks.

"Hongkong Bank owes its success to the privileges offered by the Hong Kong Government. It is [a] monster created by the colonial government," Mr Li said.

"After years of gains, they now want to do away with the political risk. It is just unfair to let the bank continue to hold its existing position."

Miss Lau Pui-king, a local delegate to the Guangdong People's Congress, said the bank should talk to the Chinese Government to clarify its function and obligations after 1997.

Miss Lau said the position of the bank, whose link with the Government was more than commercial, would definitely be changed after 1997.

Apart from those explicit privileges, the bank had various favourable "implicit contracts" with the Government to ensure its dominant position, she said.

"These contracts cannot be directly transferred to China or the future Special Administrative Region government," Miss Lau said.

Miss Lau, a Polytechnic lecturer, said detailed contractual arrangements would be needed to specify the bank's obligations and rights after the transfer of sovereignty.

Legislative Councillor, Mr Ronald Arculli, agreed that Hong Kong and China should talk on the future role of the bank but he did not think there should be abrupt changes.

He warned that it might not be in the public's interest to deprive the bank of its role which had taken decades to build.

### **Beijing Endorses Bank's Note-Issuer Role**

HK2812011190 Hong Kong *SOUTH CHINA MORNING POST (BUSINESS POST)* in English  
28 Dec 90 p 1

[Report by Eva To]

[Text] Beijing has endorsed Hong Kong Bank's role as note-issuer despite the bank's plan to form a UK holding company, says Deputy Secretary for Monetary Affairs Joseph Yam Chi-kwong.

He stressed on his return yesterday from a five-day visit to Beijing that the People's Bank of China had reaffirmed it would not interfere with Hong Kong's affairs.

Mr Yam, who was invited to Beijing by the People's Bank, was asked whether the central bank would displace the local note-issuer's role.

Mr Yam said China had highlighted the Basic Law stipulation that the Hong Kong Government has the autonomy to formulate monetary and financial policies after 1997.

Mr Yam said he had exchanged views on recent financial developments in China and Hong Kong with People's Bank officials. He did not disclose details.

Meanwhile, the Secretary for Monetary Affairs, David Nendick, has rejected calls for deregulating the local note-issuing system.

He said a change might pre-empt any plans the Special Administrative Region Government had for Hong Kong after 1997.

But he conceded that whether Hong Kong Bank and Standard Chartered Bank continued note-issuing in Hong Kong would be entirely their own decision.

Hong Kong Bank has recently affirmed its intention to continue note-issuing but did not specify a time frame.

Despite this Mr Nendick expected Hong Kong to ride smoothly out of any changes should the two commercial banks reconsider their note-issuing role.

He believed the banks would inform the Government of any such decisions well in advance and enable it to plan accordingly.

He said it was premature to comment on what the measures might be but said it would be an "extremely remote" possibility that Hong Kong Bank would give up the role.

Hong Kong Bank issues about 80 per cent of the Hong Kong dollars in circulation with Standard Chartered issuing the rest.

Mr Nendick did not think it likely that the Bank of China would take an interest in note-issuing here before 1997 and refused to comment on whether it would help stability if mainland interests took a significant stake in Hong Kong Bank, as is speculated.

No party can own more than one per cent of the Bank without the board's blessing but chairman William Purves recently said the limit may be reviewed.

Mr Nendick emphasised the potential problems in liberalising the note-issuing system, noting that the public might have to foot the bill for note issues now borne by the note-issuing banks.

In addition, the banks have to deposit an equivalent amount in U.S. dollars with the Government to back their issues.

He said this in reality made the Government the note-issuer, without having its name printed on the notes and without bearing the cost.

If the system was liberalised, the note-issuing banks might pull out.

Though Hong Kong Bank might be more inclined to disclose its inner reserves following the UK move, Mr Nendick said that it would not upset local banks' rights to keep theirs secret.

Secret reserves had a vital function in smoothing out the results of locally oriented banks as opposed to those with extensive international operations.

He noted local banks' vulnerability to the ebb and flow of local business cycles, which in large part were beyond their control.

He doubted if it would increase protection for bank depositors if secret reserves were to end.

### **Macao**

#### **Acting Governor To Take Control of Security**

HK2812011390 Hong Kong *SOUTH CHINA MORNING POST* in English 28 Dec 90 p 3

[Report by Adam Lee in Macao]

[Text] Macao's Acting Governor, Dr Murteira Nabo, will take over control of all internal security units from the beginning of next year, the Government announced yesterday.

The move follows amendments to the Macao Organic Statute earlier this year disbanding the Security Force Command in a major shake-up of security affairs in the enclave.

The Governor will have overall control of all internal security affairs, including public order, crime prevention and border control.

A bulletin released by the Office of the Under-Secretary for Security Affairs yesterday spelled out the new powers, which include the right to place the whole security system under a joint command which the Governor would head.

In April the Security Force Commander, Colonel Proenca de Almeida, resigned under heavy pressure from the Government over his handling of a rush of illegal immigrants demanding registration and the following day's protest by police calling for a pay rise.

The post was never filled and the subsequent revision of security affairs established two under-secretary positions for security.

Yesterday's bulletin also provided for the establishment of two new offices, the Security Council and the Security Co-ordination Office. The council will advise the Governor on internal security policy-making, co-ordination between individual government offices and technical matters relating to internal security.

It will be co-chaired by the Governor and the Under-Secretary for Security Affairs.

Its members will include all the under-secretaries, the Director of the Marine Department, the Commandant of Marine Police, the Commander of the Security Police, the Director of the Judiciary Police, the Commandant of the Fire Brigade, the Secretary-General of the Security-Co-ordination Committee, a representative of the Prosecutor-General's Office and representatives of the intelligence units.

The Co-ordination Office will be a consultancy office responsible for co-ordinating all security branches.

It will fall directly under the Governor and its members will include the Under-Secretary for Security Affairs, other under-secretaries and officers from security and intelligence offices.

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